

The Corporation of the Township of Chisholm
Financial Statements
For the year ended December 31, 2025

The Corporation of the Township of Chisholm
Financial Statements
For the year ended December 31, 2025

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Independent Auditor's Report

To the Members of Council, Inhabitants and Ratepayers of the The Corporation of the Township of Chisholm

Qualified Opinion

We have audited the financial statements of The Corporation of the Township of Chisholm (the Township), which comprise the statement of financial position as at December 31, 2025, the statements of operations and accumulated surplus, changes in net financial liabilities and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of the report, the accompanying financial statements present fairly, in all material respects, the financial position of the Township as at December 31, 2025, and its results of operations, its changes in net financial liabilities and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Qualified Opinion

Effective January 1, 2023, the Township was required to adopt PS 3280 Asset Retirement Obligations which requires the recognition of legal obligations associated with the retirement of tangible capital assets by public sector entities. Under the modified retroactive application method, the asset retirement obligation on transition is to be recorded using assumptions as of January 1, 2023. The corresponding asset retirement cost is added to the carrying value of the related tangible capital assets adjusted for amortization since the time the legal obligation was incurred. The net adjustment is charged to accumulated surplus. Comparative figures are to be restated to reflect this change in accounting policy. Management has not completed its assessment of the tangible capital assets for potential retirement obligations. As a result, it is not possible to quantify the impact of this departure from Canadian public sector accounting standards on expenses and annual surplus for the years ended December 31, 2025 and 2024, tangible capital assets and the asset retirement obligation as at December 31, 2025 and 2024, and accumulated surplus as at January 1 and December 31 for both the 2025 and 2024 years.

As a result of PS 3280 not being adopted, the Township accounts for its landfill closure and post-closure liability in accordance with the withdrawn PS Section 3270, Solid Waste Landfill Closure and Post-Closure Liability. As a result, it is not possible to quantify the impact of this departure from Canadian public sector accounting standards on expenses and annual surplus for the years ended December 31, 2025 and 2024, landfill closure and post-closure liability as at December 31, 2025 and 2024, and accumulated surplus as at January 1 and December 31 for both the 2025 and 2024 years.



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 qualified 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 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 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.

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.

Chartered Professional Accountants, Licensed Public Accountants

North Bay, Ontario
July 30, 2026

The Corporation of the Township of Chisholm Statement of Financial Position

December 31	2025	2024
Financial assets		
Cash and cash equivalents (Note 6)	\$ 534,457	\$ 709,594
Taxes receivable (Note 2)	272,006	280,677
Accounts receivable (Note 3)	114,238	105,687
	<u>920,701</u>	<u>1,095,958</u>
Liabilities		
Accounts payable (Note 7)	145,193	142,573
Deferred revenue (Note 11)	23,940	58,309
Long-term debt (Note 8)	1,806,063	1,957,930
Post employment benefits accrual (Note 10)	25,767	21,872
Landfill closure and post closure accrual (Note 9)	237,155	248,279
	<u>2,238,118</u>	<u>2,428,963</u>
Net financial liabilities	<u>(1,317,417)</u>	<u>(1,333,005)</u>
Non-financial assets		
Tangible capital assets (Note 5)	8,376,062	8,318,340
Inventories (Note 4)	124,550	87,774
	<u>8,500,612</u>	<u>8,406,114</u>
Accumulated surplus (Note 13)	<u>\$ 7,183,195</u>	<u>\$ 7,073,109</u>

On behalf of Council:

Signed by: Munzio Scarfone, CAO/Clerk-Treasurer
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DocuSigned by: Paul D'Agagne, Mayor
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The Corporation of the Township of Chisholm Statement of Operations and Accumulated Surplus

For the year ended December 31	2025 Budget (Note 14)	2025 Actual	2024 Actual
Revenues			
Taxation (Note 14)	\$ 2,021,653	\$ 2,019,583	\$ 1,940,422
Government transfers and grants	714,790	945,855	952,046
User fees	93,350	66,729	97,428
Other	64,221	101,264	169,077
	<u>2,894,014</u>	<u>3,133,431</u>	<u>3,158,973</u>
Expenses (Note 16)			
Transportation services (Note 8)	1,135,502	1,543,922	1,594,761
General government	510,403	504,209	541,688
Protection to persons and property	441,252	402,311	349,650
Social and family services	387,255	382,627	361,980
Environmental services	74,801	38,938	137,230
Planning and development	39,050	41,196	39,788
Recreation and culture	38,533	51,855	54,833
Health services	46,771	49,779	50,665
Loss (gain) on disposal of tangible capital assets	-	(7,044)	-
	<u>2,673,567</u>	<u>3,007,793</u>	<u>3,130,595</u>
Annual surplus before undernoted item	220,447	125,638	28,378
Cassellholme redevelopment commitment (Note 8)	-	(15,552)	(60,136)
Annual surplus (deficit) for the year	220,447	110,086	(31,758)
Accumulated surplus, beginning of year	7,073,109	7,073,109	7,104,867
Accumulated surplus, end of year	<u>\$ 7,293,556</u>	<u>\$ 7,183,195</u>	<u>\$ 7,073,109</u>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

The Corporation of the Township of Chisholm Statement of Changes in Net Financial Liabilities

For the year ended December 31	2025 Budget (Note 15)	2025 Actual	2024 Actual
Annual surplus (deficit)	\$ 220,447	\$ 110,086	\$ (31,758)
Acquisition of tangible capital assets	-	(691,121)	(299,416)
Amortization of tangible capital assets	-	629,801	644,183
Gain on disposition of tangible capital assets	-	(7,044)	-
Proceeds on disposition of tangible capital assets	-	10,642	-
	<u>220,447</u>	<u>52,364</u>	<u>313,009</u>
Acquisition of inventories	-	(124,550)	(87,774)
Consumption of inventories	-	87,774	87,438
	<u>-</u>	<u>(36,776)</u>	<u>(336)</u>
Increase in net financial liabilities	220,447	15,588	312,673
Net financial liabilities, beginning of year	<u>(1,333,005)</u>	<u>(1,333,005)</u>	<u>(1,645,678)</u>
Net financial liabilities, end of year	<u>\$ (1,112,558)</u>	<u>\$ (1,317,417)</u>	<u>\$ (1,333,005)</u>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

The Corporation of the Township of Chisholm

Statement of Cash Flows

For the year ended December 31	2025	2024
Cash provided by (used in)		
Operating transactions		
Annual surplus (deficit)	\$ 110,086	\$ (31,758)
Items not involving cash		
Amortization of tangible capital assets	629,801	644,183
Gain on disposal of tangible capital assets	(7,044)	-
Post employment benefits provision	3,895	2,356
Landfill obligation provision	-	25,133
	<u>736,738</u>	<u>639,914</u>
Changes in non-cash operating balances		
Taxes receivable	8,671	(47,428)
Accounts receivable	(8,551)	120,446
Accounts payable	2,620	(831,284)
Deferred revenue	(34,369)	(64,080)
Inventories	(36,776)	(336)
	<u>668,333</u>	<u>(182,768)</u>
Capital transactions		
Acquisition of tangible capital assets	(691,121)	(299,416)
Proceeds on disposition of tangible capital assets	10,642	-
	<u>(680,479)</u>	<u>(299,416)</u>
Financing transactions		
Decrease in landfill closure and post closure accrual	(11,124)	-
Repayment of long-term debt	(151,867)	(126,891)
	<u>(162,991)</u>	<u>(126,891)</u>
Decrease in cash and cash equivalents during the year	(175,137)	(609,075)
Cash and cash equivalents, beginning of year	709,594	1,318,669
Cash and cash equivalents, end of year	\$ 534,457	\$ 709,594

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

The Corporation of the Township of Chisholm Summary of Significant Accounting Policies

December 31, 2025

Management Responsibility	The financial statements of The Corporation of the Township of Chisholm (the "Township") are the representations of management. They have been prepared in accordance with Canadian public sector accounting standards ("PSAB"). The Township provides municipal services such as general government, fire, building, protection to persons, transportation, environmental, health, social, family, recreation, culture, planning and development services.														
Cash and Cash Equivalents	Management considers all highly liquid investments with maturity of three months or less at acquisition to be cash equivalents.														
Inventories	Inventory of supplies are stated at the lower of cost and replacement cost. Cost is generally determined on the first-in, first-out basis.														
Tangible Capital Assets	Tangible capital assets are recorded at cost less accumulated amortization. Cost includes all costs directly attributable to acquisition or construction of the tangible capital asset including transportation costs, installation costs, design and engineering fees, legal fees and site preparation costs. Contributed tangible capital assets are recorded at fair value at the time of the donation, with a corresponding amount recorded as revenue. Amortization is recorded on a straight-line basis over the estimated life of the tangible capital asset commencing once the asset is available for productive use as follows: <table><tr><td>Roads</td><td>10 to 45 years</td></tr><tr><td>Bridges and culverts</td><td>20 to 75 years</td></tr><tr><td>Buildings</td><td>50 to 60 years</td></tr><tr><td>Vehicles</td><td>5 to 15 years</td></tr><tr><td>Machinery and equipment</td><td>5 to 20 years</td></tr><tr><td>Computer hardware and software</td><td>5 to 10 years</td></tr><tr><td>Land improvements</td><td>20 to 25 years</td></tr></table> A full year of amortization is taken in the year of acquisition. Assets under construction are not amortized until the asset is available for productive use.	Roads	10 to 45 years	Bridges and culverts	20 to 75 years	Buildings	50 to 60 years	Vehicles	5 to 15 years	Machinery and equipment	5 to 20 years	Computer hardware and software	5 to 10 years	Land improvements	20 to 25 years
Roads	10 to 45 years														
Bridges and culverts	20 to 75 years														
Buildings	50 to 60 years														
Vehicles	5 to 15 years														
Machinery and equipment	5 to 20 years														
Computer hardware and software	5 to 10 years														
Land improvements	20 to 25 years														
Landfill Closure and Post-closure Accrual	The estimated costs to close and maintain solid waste landfill sites are based on estimated future expenses in current dollars, discounted, adjusted for estimation inflation, and are charged to expense as the landfill site's capacity is used.														

The Corporation of the Township of Chisholm Summary of Significant Accounting Policies

December 31, 2025

Retirement Benefits and Other Employee Benefit Plans

Liabilities for vacations and sick leave credits earned but not taken are accrued as earned.

The Township is an employer member of the Ontario Municipal Employees Retirement System (OMERS), which is a multi-employer, defined benefit pension plan. The Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the pension plan, including investment of the assets and administration of the benefits. The Township has adopted defined contribution plan accounting principles for this Plan because insufficient information is available to apply defined benefit plan accounting principles. The Township records as pension expense the current service cost, amortization of past service costs and interest costs related to the future employer contributions to the Plan for past employee service.

Collection of Taxes on Behalf of School Boards

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

Trust Funds

Funds held in trust by the Township, and their related operations, are not included in these financial statements.

The Corporation of the Township of Chisholm Summary of Significant Accounting Policies

December 31, 2025

Revenue Recognition

a. Taxation

Taxes are recorded at estimated amounts when they meet the definition of an asset, have been authorized and the taxable event occurs. For property taxes, the taxable event is the period for which the tax is levied. Taxes receivable are recognized net of an allowance for anticipated uncollectible amounts. Taxation revenues are recorded at the time tax billings are issued. Assessments and the related property taxes are subject to appeal. Tax adjustments as a result of appeals are recorded when the result of the appeal process is known or the amount can be reasonably estimated.

The Township is entitled to collect interest and penalties on overdue taxes. These revenues are recorded in the period the interest and penalties are levied.

b. User fees and other

User fees and other revenue are recognized on an accrual basis, as they are earned and collection is reasonably assured.

c. Government transfers and grants

Transfer payments, which include legislative grants, are recognized as revenue in the financial statements in the period in which the events giving rise to the transfer occurs, providing the transfers are authorized, any eligibility criteria have been met and reasonable estimates of the amount can be determined.

Conditional grant revenue is recognized to the extent the conditions imposed on it have been fulfilled. Unconditional grant revenue is recognized when monies are receivable.

Grants for the acquisition of tangible capital assets are recognized in the period in which eligible acquisitions are made.

Use of Estimates

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

The Corporation of the Township of Chisholm Summary of Significant Accounting Policies

December 31, 2025

Use of Estimates (continued)

In particular, management's estimate for the landfill closure and post-closure liability is subject to measurement uncertainty. The estimate is based on assumptions and calculations contained in an engineer's report completed in 2022, modified as necessary for the passage of time and actual use of the landfill site. Actual results could differ significantly from those estimates because of the uncertainty related to future cost estimates and future use of the landfill site.

These estimates are reviewed periodically, and as adjustments become necessary, they are reporting in earnings in the year in which they become known.

Financial Instruments

Cash and portfolio instruments quoted in an active market are measured at fair value. Accounts receivable, accounts payable and accrued liabilities, and long-term debt are measured at cost or amortized cost. The carrying amount of each of these financial instruments is presented on the statement of financial position.

Unrealized gains and losses from changes in the fair value of financial instruments are recognized in the statement of remeasurement gains and losses. Upon settlement, the cumulative gain or loss is reclassified from the statement of remeasurement gains and losses and recognized in the statement of operations. Interest and dividends attributable to financial instruments are reported in the statement of operations.

For financial instruments measured using amortized cost, the effective interest rate method is used to determine interest revenue or expense.

All financial assets are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the statement of operations.

Transaction costs are added to the carrying value for financial instruments measured using cost or amortized cost. Transaction costs are expensed for financial instruments measured at fair value.

The Corporation of the Township of Chisholm

Notes to Financial Statements

December 31, 2025

1. Financial Instruments

Classification

The carrying value of each class of the Township's financial instruments is provided in the following table.

	2025		
	Fair Value	Cost/ Amortized Cost	Total
Cash and cash equivalents	\$ 534,457	\$ -	\$ 534,457
Taxes and accounts receivable	-	386,244	386,244
Accounts payable and accrued liabilities	-	145,193	145,193
Long-term debt	-	1,806,063	1,806,063
	\$ 534,457	\$ 2,337,500	\$ 2,871,957

	2024		
	Fair Value	Cost/ Amortized Cost	Total
Cash and cash equivalents	\$ 709,594	\$ -	\$ 709,594
Taxes and accounts receivable	-	386,364	386,364
Accounts payable and accrued liabilities	-	142,573	142,573
Long-term debt	-	1,957,930	1,957,930
	\$ 709,594	\$ 2,486,867	\$ 3,196,461

The Corporation of the Township of Chisholm

Notes to Financial Statements

December 31, 2025

1. Financial Instruments (continued)

Financial Instrument Fair Value Measurement

The following table provides an analysis of financial instruments that are measured at fair value, using a fair value hierarchy of levels 1 to 3. The levels reflect the significance of the inputs used in making the fair value measurements, as described below:

- **Level 1** - Quoted prices (unadjusted) in active markets for identical assets or liabilities
- **Level 2** - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- **Level 3** - Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

	2025			
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	\$ 534,457	\$ -	\$ -	\$ 534,457
	2024			
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	\$ 709,594	\$ -	\$ -	\$ 709,594

There were no transfers between Level 1 and Level 2 for the year ended December 31, 2025. There were also no transfers in or out of Level 3.

Financial Instrument Risk Management

The Township is exposed to credit risk, liquidity risk, interest rate risk and other price risk from its financial instruments. This note describes the Township's objectives, policies and processes for managing those risks and the methods used to measure them. Further qualitative and quantitative information in respect of these risks is presented below and throughout these financial statements.

The Corporation of the Township of Chisholm

Notes to Financial Statements

December 31, 2025

1. Financial Instruments (continued)

Credit Risk

Credit risk is the risk of financial loss to the Township if a debtor fails to make payments of interest and principal when due. Other than the impairment of receivables disclosed in Note 3, it is management's opinion that the Township is not exposed to significant credit risk.

	0-30 days	31-90 days	91-365 days	1 to 2 years	3 to 10 years
Cash and cash equivalents	\$ 534,457	\$ -	\$ -	\$ -	\$ -
Taxes receivable	9,008	-	263,073	(75)	-
Accounts receivable	114,238	-	-	-	-
Totals	\$ 657,703	\$ -	\$ 263,073	\$ (75)	\$ -

Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and equity risk.

Currency Risk

Current risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign currency rates. The Township is not exposed to currency risk.

Equity Risk

Equity risk is the uncertainty associated with the valuation of assets arising from changes in equity markets. The Township is not exposed to this risk.

The Corporation of the Township of Chisholm

Notes to Financial Statements

December 31, 2025

1. Financial Instruments (continued)

Liquidity Risk

Liquidity risk is the risk that the Township will encounter difficulty in meeting its obligations associated with financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, the Township will not have sufficient funds to settle a transaction on the due date; will be forced to sell financial assets at a value, which is less than what they are worth; or may be unable to settle or recover a financial asset. The Township is exposed to this risk mainly in respect of accounts payable and accrued liabilities and long-term debt. The Township's approach to managing liquidity is to ensure as far as possible, that it will always have sufficient cash flows to fund its operations and to meet its liabilities when due, under both normal and stressed conditions. There have not been any changes to these risks from the prior year. Unless otherwise noted, the expected cash outflows are within one year. The following table sets out the contractual maturities (representing undiscounted contractual cash-flows) of financial liabilities:

	2025			
	Within 6 months	6 months to 1 year	1 to 5 years	over 5 year
Accounts payable	\$ 145,193	\$ -	\$ -	\$ -
Long-term debt	138,192	138,192	567,822	961,858
Total financial liabilities	\$ 283,385	\$ 138,192	\$ 567,822	\$ 961,858

	2024			
	Within 6 months	6 months to 1 year	1 to 5 years	over 5 year
Accounts payable	\$ 142,573	\$ -	\$ -	\$ -
Long-term debt	88,670	88,670	559,610	1,220,980
Total financial liabilities	\$ 231,243	\$ 88,670	\$ 559,610	\$ 1,220,980

The Corporation of the Township of Chisholm Notes to Financial Statements

December 31, 2025

1. Financial Instruments (continued)

Interest Rate Risk

Interest rate risk is the potential for financial loss caused by fluctuations in fair value or future cash flows of financial instruments because of changes in market interest rates. The Township is exposed to this risk through its long term debt.

The Township holds long-term debt with variable interest rates which involve risks of default on interest and principal and price changes due to, without limitation, such factors as interest rate changes and general economic conditions.

The Township structures its finances so as to stagger the maturities of debt, thereby minimizing exposure to interest rate fluctuations.

2. Taxes Receivable

	2025	2024
Current taxes	\$ 240,279	\$ 239,106
Taxes in arrears	17,577	23,640
Interest	14,150	17,931
	<u>\$ 272,006</u>	<u>\$ 280,677</u>

Property tax billings are prepared by the Township based on assessment rolls issued by the Municipal Property Assessment Corporation (MPAC). Tax rates are established annually by Council, incorporating amounts to be raised for local services, the requisition made by the various local boards in respect of Regional services and amounts the Township is required to collect on behalf of the Province of Ontario in respect of education taxes. A normal part of the assessment process is the issuance of supplementary assessment rolls which provide updated information with respect to changes in property assessment. Once a supplementary assessment roll is received, the Township determines the taxes applicable and renders supplementary tax billings.

The Corporation of the Township of Chisholm

Notes to Financial Statements

December 31, 2025

3. Accounts Receivable

	<u>2025</u>	<u>2024</u>
Due from federal government	\$ -	\$ 10,000
GST/HST receivable	109,040	82,036
Other receivables	5,198	13,651
	<u>\$ 114,238</u>	<u>\$ 105,687</u>

4. Inventories

	<u>2025</u>	<u>2024</u>
Granular A	\$ 16,736	\$ 7,069
Winter sand	88,853	63,234
Fuel	4,983	4,363
Culverts	9,405	11,108
Cold Mix	4,573	2,000
	<u>\$ 124,550</u>	<u>\$ 87,774</u>

The Corporation of the Township of Chisholm
Notes to Financial Statements

December 31, 2025

5. Tangible Capital Assets

	2025									
	Land	Roads	Bridges and Culverts	Buildings	Vehicles	Machinery and Equipment	Computer Hardware and Software	Work in Progress	Total	
Cost, beginning of year	\$ 398,811	\$ 19,885,488	\$ 4,941,637	\$ 796,499	\$ 1,559,676	\$ 607,386	\$ 118,914	\$ -	\$ 28,308,411	
Additions	-	511,977	-	-	90,983	88,161	-	-	691,121	
Disposals	-	-	-	-	(35,982)	-	-	-	(35,982)	
Cost, end of year	398,811	20,397,465	4,941,637	796,499	1,614,677	695,547	118,914	-	28,963,550	
Accumulated amortization, beginning of year	-	15,913,303	2,498,980	225,211	1,008,821	232,133	111,623	-	19,990,071	
Amortization	-	376,387	63,662	20,525	119,474	42,606	7,147	-	629,801	
Disposals	-	-	-	-	(32,384)	-	-	-	(32,384)	
Accumulated amortization, end of year	-	16,289,690	2,562,642	245,736	1,095,911	274,739	118,770	-	20,587,488	
Net carrying amount, end of year	\$ 398,811	\$ 4,107,775	\$ 2,378,995	\$ 550,763	\$ 518,766	\$ 420,808	\$ 144	\$ -	\$ 8,376,062	

The Corporation of the Township of Chisholm
Notes to Financial Statements

December 31, 2025

5. Tangible Capital Assets (continued)

									2024
	Land	Roads	Bridges and Culverts	Buildings	Vehicles	Machinery and Equipment	Computer Hardware and Software	Work in Progress	Total
Cost, beginning of year	\$ 398,811	\$ 19,615,953	\$ 4,941,637	\$ 796,499	\$ 1,547,597	\$ 589,584	\$ 118,914	\$ -	\$ 28,008,995
Additions	-	269,535	-	-	12,079	17,802	-	-	299,416
Cost, end of year	398,811	19,885,488	4,941,637	796,499	1,559,676	607,386	118,914	-	28,308,411
Accumulated amortization, beginning of year	-	15,510,638	2,435,318	204,686	892,603	205,314	97,329	-	19,345,888
Amortization	-	402,665	63,662	20,525	116,218	26,819	14,294	-	644,183
Accumulated amortization, end of year	-	15,913,303	2,498,980	225,211	1,008,821	232,133	111,623	-	19,990,071
Net carrying amount, end of year	\$ 398,811	\$ 3,972,185	\$ 2,442,657	\$ 571,288	\$ 550,855	\$ 375,253	\$ 7,291	\$ -	\$ 8,318,340

The Corporation of the Township of Chisholm

Notes to Financial Statements

December 31, 2025

6. Credit Facilities

The Township has a line of credit with a maximum credit limit of \$400,000. The line of credit is due on demand and bears interest at the bank's prime rate plus 0.75%, calculated and payable monthly. The line of credit is unsecured. The balance used at year end was \$Nil (2024 - \$Nil).

7. Accounts Payable

	2025	2024
Trade accounts payable	\$ 142,053	\$ 139,486
Due to school boards	3,140	3,087
	\$ 145,193	\$ 142,573

8. Long-term Debt

	2025	2024
Ontario Infrastructure and Lands Corporation 2.64%, due February 2027, repayable in semi-annual payments of \$13,446 principal and interest, secured by a specific piece of equipment (i)	\$ 39,296	\$ 64,648
Ontario Infrastructure and Lands Corporation 3.29%, due December 2028, repayable in semi-annual payments of \$14,889 principal and interest, secured by a specific piece of equipment (i)	84,406	110,754
Scotiabank loan - 6.37%, due December 2027, repayable in monthly payments \$6,614 of principal and interest, secured by a specific piece of equipment (i)	148,763	216,355
Scotiabank loan - 6.37%, due December 2030, repayable in monthly payments of \$5,406 principal and interest, secured by a specific piece of equipment (i)	277,315	322,895
Scotiabank loan - 2.75%, due January 2025, repayable in monthly payments of \$2,607 principal and interest, secured by a specific piece of equipment (i)	-	2,547
Cassellholme redevelopment commitment (ii)	1,256,283	1,240,731
	\$ 1,806,063	\$ 1,957,930

The Corporation of the Township of Chisholm Notes to Financial Statements

December 31, 2025

8. Long-term Debt (continued)

Principal repayments for the next five years and thereafter are as follows:

2026	\$ 276,383
2027	166,529
2028	154,218
2029	125,755
2030	121,320
Thereafter	<u>961,858</u>
	<u>\$ 1,806,063</u>

- (i) Interest expense paid relating to the long-term debt on capital asset loans above is \$36,103 (2024 - \$45,177) and has been included in transportation services expense on the Statement of Operations.
- (ii) The Corporation of the Township of Chisholm is a participating municipality of a northern joint municipal home, The Board of Management for the District of Nipissing East ("Cassellholme"), and is responsible for its share of funding in accordance with the Fixing Long-Term Care Act 2021, S.O. 2021, c. 39, Sched. 1 (the "FLTCA"). During 2022, construction for the redevelopment and expansion of the existing 240-bed long-term care facility commenced and Cassellholme entered into a Financing Agreement with Ontario Infrastructure and Lands Corporation ("OILC") for the redevelopment project. In accordance with the FLTCA, the Township will be responsible for its share of annual principal and interest payments incurred by Cassellholme upon completion of the project, and interest-only payments on the construction loan up to completion. Based on a municipal borrowing rate of 4.76% for a 30-year period plus anticipated construction completion in 2028, the present value of these expected payments commencing in 2027 is \$1,256,283.

During 2022, the Township entered into a Guarantee and Postponement of Claims agreement with the Ontario Infrastructure and Lands Corporation ("OILC") for the redevelopment project. Under the terms of the agreement, the Township is named as a joint guarantor in regards to a Financing Agreement between Cassellholme and OILC. The obligations will be proportional from each Guarantor, and the Township's maximum liability is \$942,169 (2024 - \$900,051) being the maximum amount of principal owing plus any accrued interest.

The Corporation of the Township of Chisholm Notes to Financial Statements

December 31, 2025

9. Landfill Closure and Post-Closure Accrual

Solid waste closure and post-closure care requirements have been defined in accordance with industry standards and include final covering and landscaping of the landfill, removal of ground water and leachates, and ongoing environmental monitoring, site inspection and maintenance. The present value of the Township's estimated future liability for this expense is recognized as the landfill site's capacity is used. The liability and annual expense is calculated based on the ratio of utilization to total capacity of the landfill site and the discounted estimated cash flows associated with closure and post-closure activities. The reported liability as at year end was \$237,155 (2024 - \$248,279) and reflects a discount rate of 3.66% (2024 - 2.75%).

The liability is based on estimates and assumptions related to events extending over the remaining life of the landfill. Future events could impact the established total expenses, capacity used or total capacity. If such events occur it would be treated as a change in estimate and dealt with prospectively.

The landfill is expected to reach its capacity in 24 years and the estimated remaining capacity is 16,742 cubic metres which is 42.00% (2024 - 45.00%) of the site's total capacity based on an updated survey completed in September 2022. The total discounted estimated future expenditures for closure and post-closure care are \$407,869 (2024 - \$412,165) leaving an amount to be recognized of \$170,713 (2024 - \$199,479). The estimated length of time needed for post-closure care is 25 years.

Township reserves for the landfill site total \$140,064 (2024 - \$129,664).

10. Post Employment Benefits Accrual

Under the sick leave benefit plan, unused sick leave can accumulate and employees may become entitled to a cash payment when they leave the Township's employment.

The liability for these accumulated days, to the extent that they have accumulated and could be taken in cash by an employee on termination, amounted to \$25,767 (2024 - \$21,872) at the end of the year. The liability has been calculated using the salary rates in effect at the end of the respective fiscal period.

The Corporation of the Township of Chisholm

Notes to Financial Statements

December 31, 2025

11. Deferred Revenue

	<u>2025</u>	<u>2024</u>
Deferred revenue, beginning of year	\$ 58,309	\$ 122,389
Add:		
Canada community building fund contributions	85,936	83,775
OCIF contributions	100,502	118,238
Northern Ontario Resource Development funding (NORDS)	74,200	74,200
Interest earned	3,939	3,442
Less:		
Utilization of funds, Canada community building fund	(122,195)	(151,297)
Utilization of funds, OCIF	(102,551)	(118,238)
Utilization of funds, NORDS	(74,200)	(74,200)
Deferred revenue, end of year	<u>\$ 23,940</u>	<u>\$ 58,309</u>

Canada community building fund (formerly "gas tax") revenue is provided by the Government of Canada. The use of the funding is established by the funding agreement signed between the Township and the Association of Municipalities of Ontario and must be used towards designated projects as specified in the funding agreements.

12. Ontario Municipal Employees Retirement System

The Township makes contributions to the Ontario Municipal Employees Retirement Fund ("OMERS"), which is a multi-employer pension plan, on behalf of full-time members of 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 Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the pension plan, including investment of the assets and administration of the benefits. OMERS provides pension services to more than 639,765 active and retired members and approximately 1,000 employers.

Each year an independent actuary determines the funding status of OMERS Primary Pension Plan (the "Plan") by comparing the actuarial value of invested assets to the estimated present value of all pension benefits that members have earned to date. The most recent actuarial valuation of the Plan was conducted at December 31, 2025. The results of this valuation disclosed total going concern actuarial liabilities of \$151,365 million (2024 - \$142,489 million) in respect of benefits accrued for service with actuarial assets at that date of \$150,043 million (2024 - \$139,576 million) indicating a going concern actuarial deficit of \$1,322 million. Because OMERS is a multi-employer plan, any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the Township does not recognize any share of the OMERS pension surplus or deficit. Contributions made by the Township to OMERS for 2025 were \$53,361 (2024 - \$46,548).

The Corporation of the Township of Chisholm

Notes to Financial Statements

December 31, 2025

13. Accumulated Surplus

The Township segregates its accumulated surplus in the following categories:

	2025	2024
Investment in tangible capital assets (i)	\$ 8,376,062	\$ 8,318,340
General surplus	341,943	333,042
Reserves and reserve funds (ii)	534,176	649,808
Amounts to be recovered (iii)	(2,068,986)	(2,228,081)
	<u>\$ 7,183,195</u>	<u>\$ 7,073,109</u>

(i) The investment in tangible capital assets represents amounts already spent and invested in infrastructure and other non-financial assets.

(ii) Reserve funds represent funds set aside by bylaw or council resolution for specific purposes.

	2025	2024
Fire department	\$ 193,331	\$ 133,340
Working funds	17,601	32,601
Capital expenses	25,086	112,746
Road equipment	61,859	117,906
Levies	40,000	60,000
Aggregate pits	19,600	19,600
Building department	29,135	31,451
Election expenses	2,500	2,500
OPZB Review	5,000	10,000
Landfill closure	140,064	129,664
Total reserve funds	<u>\$ 534,176</u>	<u>\$ 649,808</u>

The Corporation of the Township of Chisholm Notes to Financial Statements

December 31, 2025

13. Accumulated Surplus (continued)

(iii) Represents amounts to be recovered from future taxation revenues.

	<u>2025</u>	<u>2024</u>
Landfill closure and post-closure costs to be recovered in future years	\$ 237,155	\$ 248,279
Capital outlay financed by long-term liabilities to be recovered in future years	549,780	717,199
Post employment benefits liability to be recovered in future years	25,768	21,872
Cassellholme redevelopment to be recovered in future years	<u>1,256,283</u>	<u>1,240,731</u>
	<u>\$ 2,068,986</u>	<u>\$ 2,228,081</u>

14. Taxation

	<u>2025</u>	<u>2024</u>
Taxation raised for municipal purposes	\$ 2,019,514	\$ 1,940,353
Payments in lieu of taxation	<u>69</u>	<u>69</u>
	<u>\$ 2,019,583</u>	<u>\$ 1,940,422</u>

Taxes of \$246,093 (2024 - \$240,645), net of adjustments, raised on behalf of and submitted to the school boards, have not been included in the above totals.

The Corporation of the Township of Chisholm

Notes to Financial Statements

December 31, 2025

15. Budget

The Budget By-law adopted by Council on June 12, 2025 (2024 - May 28, 2024) was not prepared on a basis consistent with that used to report actual results. The budget was prepared on a modified accrual basis while Canadian public sector accounting standards require a full accrual basis. The budget figures anticipated using surpluses accumulated in previous years to reduce current year expenses in excess of current year revenues to \$Nil. In addition, the budget expensed all tangible capital expenses rather than including amortization expense. As a result, the budget figures presented in the statements of operations and change in net financial assets represent the Financial Plan adopted by Council on June 12, 2025 (2024 - May 28, 2024) with adjustments as follows:

	<u>2025</u>
Budget By-law surplus for the year	\$ -
Add:	
Capital expenses	344,900
Debt repayment	168,047
Transfers to reserve funds	94,900
Less:	
Transfers from reserve funds	<u>(387,400)</u>
Budget surplus per statement of operations	<u>\$ 220,447</u>

16. Expenses by Object

	<u>2025</u>	<u>2024</u>
Salaries and benefits	\$ 844,875	\$ 809,371
Materials	749,508	829,434
Contracted services	738,656	786,441
Interest	36,103	45,177
External transfers	15,894	15,989
Amortization/gains on disposals	629,801	644,183
Gain on disposal of tangible capital assets	<u>(7,044)</u>	-
	<u>\$ 3,007,793</u>	<u>\$ 3,130,595</u>

The Corporation of the Township of Chisholm

Notes to Financial Statements

December 31, 2025

17. Trust Fund

The trust fund administered by the Township amounting to \$46,374 (2024 - \$44,559) related to the Cemetery has not been included in the Statement of Financial Position nor have its operations been included on the Statement of Operations.

18. Segment Disclosures

The Township is a diversified municipal government institution that provides a wide range of services to its citizens such as police and fire. Distinguishable functional segments have been separately disclosed in the segmented information. The nature of the segments and the activities they encompass are as follows:

Council

This relates to the revenues and expenses that are directly attributable to municipal Council functions.

General Government

This relates to the revenues and expenses of the Township itself and cannot be directly attributed to specific segments.

Protection to Persons

Protection is comprised of police services, animal control and livestock evaluators. The police services work to ensure the safety and protection of the citizens and their property.

Fire Department

The fire department is responsible to provide fire suppression service, fire prevention programs, training and education. The members of the fire department consist of volunteers.

Building Department

This department provides a number of services including maintenance and enforcement of building and construction codes.

The Corporation of the Township of Chisholm Notes to Financial Statements

December 31, 2025

18. Segment Disclosures (continued)

Transportation Services

Transportation is responsible for maintaining the Township's roadway systems.

Environmental Services

Environmental services consists of providing recycling and waste disposal to citizens.

Health, Social and Family Services

Health services are comprised of public health services which works to improve the overall health of the population and overcome health inequalities by providing services to individuals and communities. Social and family services provides services that are meant to help the less fortunate in society. Social housing is provided to help shelter families and elderly in need. Child care funding is provided to subsidize day cares and to provide early learning programs. The ambulance service transports the injured to the hospital and provides emergency medical care to those in distress.

Recreation and Culture

Recreation and culture represents cultural activity support within the Township. This includes maintenance and upkeep of parks, running recreation programs, and providing library services.

Planning and Development

This department provides a number of services including municipal planning and review of all property development plans through its application process.

The accounting policies of the segments are the same as those described in the summary of significant accounting policies. In measuring and reporting segment revenue from transactions with other segments, inter segment transfers are measured on the basis of the percentage of budgeted expenses.

The Corporation of the Township of Chisholm Notes to Financial Statements

December 31, 2025

18. Segment Disclosures (continued)

	Council	General Government	Protection to Persons	Fire Department	Building Department	Transportation Services	Environmental Services	Health, Social & Family Services	Recreation & Culture	Planning & Development	Unallocated Amounts	2025 Total
Revenues												
Government transfers and grants	\$ -	\$ -	\$ 4,259	\$ -	\$ -	\$ 376,265	\$ -	\$ -	\$ -	\$ 2,731	\$ 562,600	\$ 945,855
Taxation	-	-	-	-	-	-	-	-	-	-	2,019,583	2,019,583
Other	-	1,840	5,265	171	-	5,224	-	3,708	104	1,006	83,946	101,264
User fees	-	-	-	-	33,773	-	15,276	-	-	17,680	-	66,729
	-	1,840	9,524	171	33,773	381,489	15,276	3,708	104	21,417	2,666,129	3,133,431
Expenses												
Salaries and benefits	26,604	295,479	2,314	42,685	-	463,709	14,084	-	-	-	-	844,875
Materials	6,744	112,399	42,266	74,002	-	450,299	10,925	5,508	16,496	30,869	-	749,508
Contracted services	-	49,184	176,089	-	29,679	7,632	13,929	426,898	24,918	10,327	-	738,656
Interest	-	-	-	-	-	36,103	-	-	-	-	-	36,103
External transfers	-	1,395	14,499	-	-	-	-	-	-	-	-	15,894
Amortization	-	12,404	-	20,777	-	586,179	-	-	10,441	-	-	629,801
Gain on disposals	-	-	-	-	-	(7,044)	-	-	-	-	-	(7,044)
	33,348	470,861	235,168	137,464	29,679	1,536,878	38,938	432,406	51,855	41,196	-	3,007,793
Annual (deficit) surplus before undernoted item	(33,348)	(469,021)	(225,644)	(137,293)	4,094	(1,155,389)	(23,662)	(428,698)	(51,751)	(19,779)	2,666,129	125,638
Cassellholme redevelopment	-	-	-	-	-	-	-	(15,552)	-	-	-	(15,552)
Annual (deficit) surplus	\$ (33,348)	\$ (469,021)	\$ (225,644)	\$ (137,293)	\$ 4,094	\$ (1,155,389)	\$ (23,662)	\$ (444,250)	\$ (51,751)	\$ (19,779)	\$ 2,666,129	\$ 110,086

The Corporation of the Township of Chisholm

Notes to Financial Statements

December 31, 2025

18. Segment Disclosures (continued)

	Council	General Government	Protection to Persons Department	Fire Department	Building Department	Transportation Services	Environmental Services	Health, Social & Family Services	Recreation & Culture	Planning & Development	Unallocated Amounts	2024 Total
Revenues												
Government transfers and grants	\$ -	\$ -	\$ 2,121	\$ -	\$ -	\$ 434,868	\$ -	\$ -	\$ -	\$ 7,957	\$ 507,100	\$ 952,046
Taxation	-	-	-	-	-	-	-	-	-	-	1,940,422	1,940,422
Other	-	-	2,611	60	-	109,013	23,891	4,487	195	-	51,031	191,288
User fees	-	1,680	-	-	41,871	-	5,425	-	-	26,241	-	75,217
	-	1,680	4,732	60	41,871	543,881	29,316	4,487	195	34,198	2,498,553	3,158,973
Expenses												
Salaries and benefits	26,690	302,383	4,581	41,036	-	414,400	20,281	-	-	-	-	809,371
Materials	11,275	133,023	5,124	76,238	-	471,033	79,014	8,407	14,483	30,837	-	829,434
Contracted services	-	50,672	171,654	-	26,345	56,767	37,935	404,238	29,879	8,951	-	786,441
Interest	-	-	-	-	-	45,177	-	-	-	-	-	45,177
External transfers	-	1,606	14,383	-	-	-	-	-	-	-	-	15,989
Amortization	-	16,039	-	10,289	-	607,384	-	-	10,471	-	-	644,183
	37,965	503,723	195,742	127,563	26,345	1,594,761	137,230	412,645	54,833	39,788	-	3,130,595
Annual (deficit) surplus before undernoted item	(37,965)	(502,043)	(191,010)	(127,503)	15,526	(1,050,880)	(107,914)	(408,158)	(54,638)	(5,590)	2,498,553	28,378
Cassellholme redevelopment	-	-	-	-	-	-	-	(60,136)	-	-	-	(60,136)
Annual (deficit) surplus	\$ (37,965)	\$ (502,043)	\$ (191,010)	\$ (127,503)	\$ 15,526	\$ (1,050,880)	\$ (107,914)	\$ (468,294)	\$ (54,638)	\$ (5,590)	\$ 2,498,553	\$ (31,758)