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The Corporation of the Township of Chisholm
Financial Statements
For the year ended December 31, 2023

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Financial Statements
For the year ended December 31, 2023

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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, 2023, the statements of operations and accumulated surplus, change in net financial (liabilities) assets 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, 2023, and its results of operations, its change in net financial assets 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, 2023 and 2022, tangible capital assets and the asset retirement obligation as at December 31, 2023 and 2022, and accumulated surplus as at January 1 and December 31 for both the 2023 and 2022 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, 2023 and 2022, landfill closure and post-closure liability as at December 31, 2023 and 2022, and accumulated surplus as at January 1 and December 31 for both the 2023 and 2022 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.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants
North Bay, Ontario
June 27, 2024

**The Corporation of the Township of Chisholm
Statement of Financial Position**

December 31	2023	2022
Financial assets		
Cash and cash equivalents (Note 6)	\$ 1,318,669	\$ 1,095,149
Taxes receivable (Note 2)	233,249	181,472
Accounts receivable (Note 3)	226,133	250,675
	1,778,051	1,527,296
Liabilities		
Accounts payable (Note 7)	973,857	162,981
Deferred revenue (Note 11)	122,389	508,877
Long-term debt (Note 8)	904,226	337,619
Post employment benefits accrual (Note 10)	19,516	10,815
Landfill closure and post closure accrual (Note 9)	223,146	219,308
	2,243,134	1,239,600
Net financial (liabilities) assets	(465,083)	287,696
Non-financial assets		
Tangible capital assets (Note 5)	8,663,107	7,649,890
Inventories (Note 4)	87,438	69,460
	8,750,545	7,719,350
Accumulated surplus (Note 13)	\$ 8,285,462	\$ 8,007,046

On behalf of Council:

 _____, Clerk-Treasurer

 _____, Mayor

**The Corporation of the Township of Chisholm
Statement of Operations and Accumulated Surplus**

For the year ended December 31	2023 Budget (Note 14)	2023 Actual	2022 Actual
Revenues			
Taxation (Note 14)	\$ 1,796,465	\$ 1,809,481	\$ 1,740,152
Government transfers and grants	539,750	1,214,404	755,014
User fees	97,150	73,569	57,532
Other	41,000	228,515	128,220
	<u>2,474,365</u>	<u>3,325,969</u>	<u>2,680,918</u>
Expenses (Note 16)			
Transportation services (Note 8)	923,120	1,463,062	1,391,997
General government	511,234	536,477	501,926
Protection to persons and property	341,681	444,676	328,241
Social and family services	353,048	353,050	336,689
Environmental services	104,238	103,830	121,883
Planning and development	28,750	48,047	25,595
Recreation and culture	42,112	54,721	58,308
Health services	41,027	43,690	43,877
	<u>2,345,210</u>	<u>3,047,553</u>	<u>2,808,516</u>
Annual surplus (deficit)	129,155	278,416	(127,598)
Accumulated surplus, beginning of year	<u>8,007,046</u>	<u>8,007,046</u>	<u>8,134,644</u>
Accumulated surplus, end of year	<u>\$ 8,136,201</u>	<u>\$ 8,285,462</u>	<u>\$ 8,007,046</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) Assets**

For the year ended December 31	2023 Budget (Note 15)	2023 Actual	2022 Actual
Annual surplus (deficit)	\$ 129,155	\$ 278,416	\$ (127,598)
Acquisition of tangible capital assets	-	(1,626,249)	(387,782)
Amortization of tangible capital assets	-	613,033	616,068
	<u>129,155</u>	<u>(734,800)</u>	<u>100,688</u>
Acquisition of inventories	-	(87,438)	(69,460)
Consumption of inventories	-	69,459	51,953
	<u>-</u>	<u>(17,979)</u>	<u>(17,507)</u>
Increase (decrease) in net financial assets	129,155	(752,779)	83,181
Net financial assets, beginning of year	<u>287,696</u>	<u>287,696</u>	<u>204,515</u>
Net financial (liabilities) assets, end of year	\$ 416,851	\$ (465,083)	\$ 287,696

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	2023	2022
Cash provided by (used in)		
Operating transactions		
Annual surplus (deficit)	\$ 278,416	\$ (127,598)
Items not involving cash		
Amortization of tangible capital assets	<u>613,033</u>	616,068
	891,449	488,470
Changes in non-cash operating balances		
Taxes receivable	(51,777)	58,964
Accounts receivable	24,542	268,924
Accounts payable	810,876	(36,492)
Deferred revenue	(386,488)	304,215
Post employment benefits accrual	8,701	(3,929)
Landfill closure and post closure accrual	3,838	(4,357)
Inventories	<u>(17,978)</u>	<u>(17,507)</u>
	1,283,163	1,058,288
Capital transactions		
Acquisition of tangible capital assets	<u>(1,626,249)</u>	<u>(387,782)</u>
Financing transactions		
Proceeds from long-term borrowing	646,021	90,000
Repayment of long-term debt	<u>(79,415)</u>	<u>(85,481)</u>
	566,606	4,519
Increase in cash and cash equivalents during the year	223,520	675,025
Cash and cash equivalents, beginning of year	<u>1,095,149</u>	<u>420,124</u>
Cash and cash equivalents, end of year	<u>\$ 1,318,669</u>	<u>\$ 1,095,149</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 Summary of Significant Accounting Policies

December 31, 2023

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	<p>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:</p> <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> <p>A full year of amortization is taken in the year of acquisition</p>	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, 2023

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, 2023

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.
- b. **User fees and other** User fees and other revenue are recognized on an accrual basis.
- c. **Government transfers** Transfer payments, which include legislative grants, are recognized 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.

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.

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

December 31, 2023

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, 2023

1. Financial Instruments

Classification

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

	2023		
	Fair Value	Cost/ Amortized Cost	Total
Cash and cash equivalents	\$ 1,318,669	\$ -	\$1,318,669
Taxes and Accounts receivable	-	459,381	459,381
Accounts payable and accrued liabilities	-	972,635	972,635
Long-term debt	-	904,226	904,226
	\$ 1,318,669	\$ 2,336,242	\$ 3,654,911

	2022		
	Fair Value	Cost/ Amortized Cost	Total
Cash and cash equivalents	\$ 1,095,149	\$ -	\$ 1,095,149
Taxes and Accounts receivable	-	432,145	432,145
Accounts payable and accrued liabilities	-	158,372	158,372
Long-term debt	-	337,619	337,619
	\$ 1,095,149	\$ 928,136	\$ 2,023,285

The Corporation of the Township of Chisholm Notes to Financial Statements

December 31, 2023

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)

		2023			
		Level 1	Level 2	Level 3	Total
	Cash and cash equivalents	\$ 1,318,669	\$ -	\$ -	\$ 1,318,669
		2022			
		Level 1	Level 2	Level 3	Total
	Cash and cash equivalents	\$ 1,095,149	\$ -	\$ -	\$ 1,095,149

There were no transfers between Level 1 and Level 2 for the year ended December 31, 2023. There were also no transfers in or out of Level 3.

Financial Instrument Risk Management

The Municipality is exposed to credit risk, liquidity risk, interest rate risk and other price risk from its financial instruments. This note describes the Municipality'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, 2023

1. Financial Instruments (continued)

Credit Risk

Credit risk is the risk of financial loss to the Municipality if a debtor fails to make payments of interest and principal when due. Other than the impairment of receivables disclosed in Note 5, it is management's opinion that the Municipality 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	1,318,669	\$ -	\$ -	\$ -	-
Taxes receivable	8,173	-	222,053	3,023	-
Accounts receivable	226,132	-	-	-	-
Total	1,552,974	-	222,053	3,023	-

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 Municipality 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 Municipality is not exposed to this risk.

The Corporation of the Township of Chisholm Notes to Financial Statements

December 31, 2023

1. Financial Instruments (continued)

Liquidity Risk

Liquidity risk is the risk that the Municipality 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 Municipality 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 Municipality is exposed to this risk mainly in respect of accounts payable and accrued liabilities and long-term debt. The Municipality'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:

	2023			
	Within 6 months	6 months to 1 year	1 to 5 years	over 5 year
Accounts payable	\$ 973,857	\$ -	\$ -	\$ -
Long-term debt	92,753	92,753	718,720	-
Total financial liabilities	1,066,610	92,753	718,720	-
	2022			
	Within 6 months	6 months to 1 year	1 to 5 years	over 5 year
Accounts payable	\$ 162,982	\$ -	\$ -	\$ -
Long-term debt	39,747	39,747	258,125	-
Total financial liabilities	202,729	39,747	258,125	-

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 Municipality is exposed to this risk through its long term debt.

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

The Corporation of the Township of Chisholm Notes to Financial Statements

December 31, 2023

2. Taxes Receivable

	2023	2022
Current taxes	\$ 181,382	\$ 132,203
Taxes in arrears	39,730	38,061
Interest	12,137	11,208
	\$ 233,249	\$ 181,472

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.

3. Accounts Receivable

	2023	2022
Due from federal government	\$ 10,000	\$ 100,000
GST/HST receivable	204,656	88,550
Other receivables	11,477	62,125
	\$ 226,133	\$ 250,675

4. Inventories

	2023	2022
Granular A	\$ 12,508	\$ 18,607
Winter sand	64,589	28,891
Fuel	6,835	11,528
Culverts	1,526	7,214
Cold Mix	1,980	3,220
	\$ 87,438	\$ 69,460

**The Corporation of the Township of Chisholm
Notes to Financial Statements**

December 31, 2023

5. Tangible Capital Assets

	2023								
	Land	Roads	Bridges and Culverts	Buildings	Vehicles	Machinery and Equipment	Computer Hardware and Software	Work in Progress	Total
Cost, beginning of year	\$ 398,811	\$ 19,357,196	\$ 4,143,958	\$ 436,655	\$ 1,245,013	\$ 513,386	\$ 118,914	\$ 263,243	\$ 26,477,176
Additions	-	258,757	797,679	-	397,014	76,198	-	96,601	1,626,249
Disposals	-	-	-	-	(94,430)	-	-	-	(94,430)
Transfers	-	-	-	359,844	-	-	-	(359,844)	-
Cost, end of year	398,811	19,615,953	4,941,637	796,499	1,547,597	589,584	118,914	-	28,008,995
Accumulated amortization, beginning of year	-	15,134,927	2,371,656	184,161	873,232	165,981	97,329	-	18,827,286
Amortization	-	375,711	63,662	20,525	113,802	39,333	-	-	613,033
Disposals	-	-	-	-	(94,431)	-	-	-	(94,431)
Accumulated amortization, end of year	-	15,510,638	2,435,318	204,686	892,603	205,314	97,329	-	19,345,888
Net carrying amount, end of year	\$ 398,811	\$ 4,105,315	\$ 2,506,319	\$ 591,813	\$ 654,994	\$ 384,270	\$ 21,585	\$ -	\$ 8,663,107

**The Corporation of the Township of Chisholm
Notes to Financial Statements**

December 31, 2023

5. Tangible Capital Assets (continued)

	2022								
	Land	Roads	Bridges and Culverts	Buildings	Vehicles	Machinery and Equipment	Computer Hardware and Software	Work in Progress	Total
Cost, beginning of year	\$ 398,811	\$ 19,290,445	\$ 4,143,958	\$ 431,613	\$ 1,245,013	\$ 488,675	\$ 90,879	\$ -	\$ 26,089,394
Additions	-	66,751	-	5,042	-	24,711	28,035	263,243	387,782
Cost, end of year	398,811	19,357,196	4,143,958	436,655	1,245,013	513,386	118,914	263,243	26,477,176
Accumulated amortization, beginning of year	-	14,709,384	2,306,869	170,833	801,631	135,707	86,794	-	18,211,218
Amortization	-	425,543	64,787	13,328	71,601	30,274	10,535	-	616,068
Accumulated amortization, end of year	-	15,134,927	2,371,656	184,161	873,232	165,981	97,329	-	18,827,286
Net carrying amount, end of year	<u>\$ 398,811</u>	<u>\$ 4,222,269</u>	<u>\$ 1,772,302</u>	<u>\$ 252,494</u>	<u>\$ 371,781</u>	<u>\$ 347,405</u>	<u>\$ 21,585</u>	<u>\$ 263,243</u>	<u>\$ 7,649,890</u>

**The Corporation of the Township of Chisholm
Notes to Financial Statements**

December 31, 2023

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 (2022 - \$Nil)

7. Accounts Payable

	2023	2022
Trade accounts payable	\$ 972,635	\$ 158,372
Due to school boards	1,222	4,609
	\$ 973,857	\$ 162,981

8. Long-term Debt

	2023	2022
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.	\$ 89,344	\$ 113,400
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.	136,256	160,940
Scotiabank loan - 6.37%, due December 2027, repayable in monthly payments \$6,614 of principal and interest, secured by a specific piece of equipment.	279,690	-
Scotiabank loan - 2.75%, due December 2024, repayable in monthly payments of \$2,607 principal and interest, secured by a specific piece of equipment.	33,308	63,279
Scotiabank loan - 6.37%, due December 2030, repayable in monthly payments of \$5,406 principal and interest, secured by a specific piece of equipment.	365,628	-
	\$ 904,226	\$ 337,619

The Corporation of the Township of Chisholm Notes to Financial Statements

December 31, 2023

8. Long-term Debt (continued)

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

2024	\$	185,506
2025		166,943
2026		174,145
2027		170,432
2028		84,853
Thereafter		<u>122,347</u>
	\$	<u>904,226</u>

Interest expense paid relating to the long-term debt above is \$9,295 (2022 - \$11,473) and has been included in transportation services expense on the statement of operations.

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 \$223,146 (2022 - \$219,308) and reflects a discount rate of 2.75% (2022 - 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 26 years and the estimated remaining capacity is 18,114 cubic metres which is 45.00% (2022 - 47.00%) 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 \$412,165 (2022 - \$364,753) leaving an amount to be recognized of \$199,479 (2022 - \$145,445). The estimated length of time needed for post-closure care is 25 years.

Municipal reserves for the landfill site total \$129,664 (2022 - \$119,264).

The Corporation of the Township of Chisholm Notes to Financial Statements

December 31, 2023

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 \$19,516 (2022 - \$10,815) 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.

11. Deferred Revenue

	2023	2022
Deferred revenue, beginning of year	\$ 508,877	\$ 204,662
Add:		
Canada community building fund contributions	85,449	81,889
OCIF contributions	139,104	163,652
Interest earned	21,420	5,624
Northern Ontario Resource Development funding	72,781	81,650
Other funding	-	1,450
Less:		
Utilization of funds, Canada community building fund	(195,356)	-
Utilization of funds, OCIF	(355,455)	-
Utilization of funds, NORDS	(154,431)	-
Utilization of funds, Covid	-	(20,952)
Utilization of funds, Modernization	-	(7,848)
Utilization of funds, Lakeshore road funding	-	(1,250)
Deferred revenue, end of year	\$ 122,389	\$ 508,877

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. Canada community building fund funding must be used towards designated projects as specified in the funding agreements.

The Corporation of the Township of Chisholm Notes to Financial Statements

December 31, 2023

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 over half a million active, deferred and retired members and 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, 2023. The results of this valuation disclosed total actuarial liabilities of 136,185 million in respect of benefits accrued for service with actuarial assets at that date of \$131,983 million indicating a going concern actuarial deficit of \$4,202 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 2023 were \$43,253 (2022 - \$40,322).

The Corporation of the Township of Chisholm Notes to Financial Statements

December 31, 2023

13. Accumulated Surplus

The Township segregates its accumulated surplus in the following categories:

	2023	2022
Investment in tangible capital assets (i)	\$ 8,663,107	\$ 7,649,890
General surplus	201,804	247,706
Amounts to be recovered (iii)	(1,146,888)	(567,742)
Reserves and reserve funds (ii)	567,439	677,192
	\$ 8,285,462	\$ 8,007,046

- 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.

Fire department	\$ 120,656	\$ 184,578
Working funds	11,134	11,134
Capital expenses	10,685	10,685
Broadband	30,000	30,000
One time efficiency	-	57,286
Road equipment	119,319	57,676
Property clean up	15,000	15,000
Parks equipment	2,038	2,038
Levies	60,000	60,000
Aggregate pits	19,600	19,600
Recreational prizes	1,029	1,029
Building department	31,451	30,503
Emergency planning	1,899	1,899
Election expenses	2,500	2,500
OPZB Review	10,000	12,500
Landfill closure	129,664	119,264
Integrity Commissioner	1,500	1,500
Future road needs	964	60,000
	\$ 567,439	\$ 677,192
Total reserve funds		

**The Corporation of the Township of Chisholm
Notes to Financial Statements**

December 31, 2023

13. Accumulated Surplus (continued)

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

Landfill closure and post-closure costs to be recovered in future years	\$ 223,146	\$ 219,308
Capital outlay financed by long-term liabilities to be recovered in future years.	904,226	337,619
Post employment benefits liability to be recovered in future years	19,516	10,815
	\$ 1,146,888	\$ 567,742

14. Taxation

	2023	2022
Taxation raised for municipal purposes	\$ 1,808,933	\$ 1,739,604
Payments in lieu of taxation	548	548
	\$ 1,809,481	\$ 1,740,152

Taxes of \$233,786 (2022 - \$228,047), 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, 2023

15. Budget

The Budget By-law adopted by Council on May 25, 2023 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 May 25, 2023 with adjustments as follows:

	2023
Budget By-law surplus for the year	\$ -
Add:	
Debt repayment	114,155
Transfers to reserve funds	48,900
Less:	
Transfers from reserve funds	33,900
Budget (deficit) surplus per statement of operations	\$ 129,155

16. Expenses by Object

	2023	2022
Salaries and benefits	\$ 781,699	\$ 695,508
Materials	897,793	759,972
Contracted services	730,948	711,446
Interest	9,295	11,473
External transfers	14,785	14,049
Amortization	613,033	616,068
	\$ 3,047,553	\$ 2,808,516

The Corporation of the Township of Chisholm Notes to Financial Statements

December 31, 2023

17. Trust Fund

The trust fund administered by the Township amounting to \$41,207 (2022 - \$42,818) 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, 2023

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, 2023

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	2023 Total
Revenues												
Government transfers and grants	\$ -	\$ -	\$ 1,180	\$ -	\$ -	\$ 689,810	\$ -	\$ -	\$ -	\$ 5,014	\$ 518,400	\$ 1,214,404
Taxation	-	-	-	-	-	-	-	-	-	-	1,809,481	1,809,481
Other	-	570	2,107	-	-	116,428	27,428	982	-	-	81,000	228,515
User fees	-	1,380	-	-	35,584	-	6,082	-	-	30,523	-	73,569
	-	1,950	3,287	-	35,584	806,238	33,510	982	-	35,537	2,408,881	3,325,969
Expenses												
Salaries and benefits	39,845	283,530	5,068	37,480	-	401,858	13,918	-	-	-	-	781,699
Materials	12,833	125,268	2,810	176,293	-	471,991	53,397	2,664	13,284	39,253	-	897,793
Contracted services	-	57,617	171,400	-	29,646	1,904	36,515	394,076	30,996	8,794	-	730,948
Interest	-	-	-	-	-	9,295	-	-	-	-	-	9,295
External transfers	-	1,345	13,440	-	-	-	-	-	-	-	-	14,785
Amortization	-	16,039	-	8,539	-	578,014	-	-	10,441	-	-	613,033
	52,678	483,799	192,718	222,312	29,646	1,463,062	103,830	396,740	54,721	48,047	-	3,047,553
Annual (deficit) surplus	\$ (52,678)	\$ (481,849)	\$ (189,431)	\$ (222,312)	\$ 5,938	\$ (656,824)	\$ (70,320)	\$ (395,758)	\$ (54,721)	\$ (12,510)	\$ 2,408,881	\$ 278,416

**The Corporation of the Township of Chisholm
Notes to Financial Statements**

December 31, 2023

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	2022 Total
Revenues												
Government transfers and grants	\$ -	\$ -	\$ 207	\$ -	\$ -	\$ 236,980	\$ -	\$ -	\$ -	\$ 2,027	\$ 515,800	\$ 755,014
Taxation	-	-	-	-	-	-	-	-	-	-	1,740,152	1,740,152
Other	-	3,040	6,753	429	-	30,106	23,528	1,584	-	-	62,780	128,220
User fees	-	3,300	-	-	34,162	-	4,044	-	-	16,026	-	57,532
	-	6,340	6,960	429	34,162	267,086	27,572	1,584	-	18,053	2,318,732	2,680,918
Expenses												
Salaries and benefits	25,690	269,461	6,130	32,839	-	343,761	17,627	-	-	-	-	695,508
Materials	10,705	122,667	4,980	67,598	-	453,481	66,588	705	17,198	16,050	-	759,972
Contracted services	-	51,677	173,496	-	22,248	6,284	37,667	379,861	30,669	9,544	-	711,446
Interest	-	-	-	-	-	11,473	-	-	-	-	-	11,473
External transfers	-	1,638	12,411	-	-	-	-	-	-	-	-	14,049
Amortization	-	20,089	-	8,539	-	576,999	-	-	10,441	-	-	616,068
	36,395	465,532	197,017	108,976	22,248	1,391,998	121,882	380,566	58,308	25,594	-	2,808,516
Annual (deficit) surplus	\$ (36,395)	\$ (459,192)	\$ (190,057)	\$ (108,547)	\$ 11,914	\$ (1,124,912)	\$ (94,310)	\$ (378,982)	\$ (58,308)	\$ (7,541)	\$ 2,318,732	\$ (127,598)