The Corporation of the Township of Conmee
Financial Statements
December 31, 2025

Contents

For the year ended December 31, 2025

Management's Responsibility

To the Members of Council of The Corporation of the Township of Conmee:

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Mayor and Council are responsible for overseeing management in the performance of its financial reporting responsibilities. The Mayor and Council fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Mayor and Council are also responsible for recommending the appointment of the Township's external auditors.

MNP LLP is appointed by the Members of Council to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Mayor and Council and management to discuss their audit findings.

June 23, 2026

Mayor

Clerk

Independent Auditor's Report

To the Members of Council of The Corporation of the Township of Conmee:

Opinion

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Township as at December 31, 2025, and the results of its operations, changes in its net financial assets (net debt) and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Township in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

As part of our audit of the financial statements of the Township for the year ended December 31, 2025, we also audited the adjustments described in Note 2 that were applied to restate the financial statements for the year ended December 31, 2024. Our opinion is not modified in respect of this matter.

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.

MNP LLP

Thunder Bay, Ontario

Chartered Professional Accountants

June 23, 2026

Licensed Public Accountants

The Corporation of the Township of Conmee

Statement of Financial Position

As at December 31, 2025

	2025	*2024 As restated (Note 2)*
Financial Assets		
Cash *(Note 4)*	**437,337**	344,001
Accounts receivable *(Note 5)*	**869,490**	63,885
Taxes receivable	**196,880**	213,881
	1,503,707	621,767
Liabilities		
Accounts payable and accrued liabilities *(Note 6)*	**180,450**	97,541
Deferred revenue *(Note 7)*	**407,486**	442,945
Asset retirement obligations *(Note 8)*	**282,925**	269,837
Taxation revenue paid in advance	**24,320**	36,162
Long-term debt *(Note 9)*	**495,296**	577,575
	1,390,477	1,424,060
Net financial assets (net debt)	**113,230**	(802,293)
Non-financial assets		
Tangible capital assets *(Schedule 1)*	**2,694,093**	2,691,418
Accumulated surplus *(Note 10)*	**2,807,323**	1,889,125

Approved on behalf of the Corporation of the Township of Conmee

Mayor **Clerk**

The Corporation of the Township of Conmee
Statement of Operations and Accumulated Surplus
For the year ended December 31, 2025

	2025	**2025**	2024
			As restated
	Note 13		*(Note 2)*
	Budget	***Actual***	*Actual*
Revenue			
Taxation			
Residential and farm	1,252,446	**1,068,152**	1,027,137
Commercial and industrial	23,686	**44,831**	44,012
Government transfers *(Note 11)*			
Government of Canada	132,269	**173,416**	-
Province of Ontario	405,625	**426,142**	446,808
User fees and service charges	23,500	**60,966**	13,300
Investment income	62,000	**35,387**	36,242
Other revenue	72,725	**859,395**	117,243
	1,972,251	**2,668,289**	1,684,742
Expenses			
General government	556,937	**548,783**	502,306
Protection services	254,595	**252,557**	196,117
Transportation services	488,000	**594,566**	419,848
Environmental services	62,250	**66,844**	71,259
Health services	93,818	**92,189**	89,156
Social and family services	96,327	**104,357**	92,277
Recreation and cultural services	119,015	**90,545**	87,638
Planning and development	250	**250**	250
	1,671,192	**1,750,091**	1,458,851
Annual surplus	301,059	**918,198**	225,891
Accumulated surplus, beginning of year	-	**1,889,125**	1,663,234
Accumulated surplus, end of year	301,059	**2,807,323**	1,889,125

The accompanying notes are an integral part of these financial statements

The Corporation of the Township of Conmee
Statement of Change in Net Financial Assets (Net Debt)
For the year ended December 31, 2025

	2025 ***Note 13*** ***Budget***	***2025*** ***Actual***	*2024* *As restated* *(Note 2)* *Actual*
Annual surplus	**301,059**	**918,198**	225,891
Acquisition of tangible capital assets	**-**	**(154,661)**	(134,589)
Amortization of tangible capital assets	**-**	**151,986**	140,575
Net change in net assets	**301,059**	**915,523**	231,877
Net debt, beginning of year	**-**	**(802,293)**	(1,034,170)
Net financial assets (net debt), end of year	**301,059**	**113,230**	(802,293)

The accompanying notes are an integral part of these financial statements

The Corporation of the Township of Conmee
Statement of Cash Flows
For the year ended December 31, 2025

	2025	2024 As restated (Note 2)
Operating activities		
Annual surplus	**918,198**	225,891
Non-cash items		
Amortization	**151,986**	140,575
Accretion	**13,088**	12,482
	1,083,272	378,948
Changes in working capital accounts		
Taxes receivable	**17,001**	(56,357)
Accounts receivable	**(805,605)**	16,612
Accounts payable and accrued liabilities	**82,909**	(40,426)
Deferred revenue	**(35,459)**	86,221
Taxation revenue paid in advance	**(11,842)**	36,162
	330,276	421,160
Financing activities		
Repayment of long-term debt	**(82,279)**	(236,304)
Capital activities		
Acquisitions of tangible capital assets	**(154,661)**	(134,589)
Increase in cash resources	**93,336**	50,267
Cash resources, beginning of year	**344,001**	293,734
Cash resources, end of year	**437,337**	344,001

The accompanying notes are an integral part of these financial statements

1. Significant accounting policies

These financial statements are the representations of management, prepared in accordance with Canadian public sector accounting standards and including the following significant accounting policies:

Reporting entity

The financial statements reflect the financial activities of the reporting entity. This entity is comprised of the municipal operations plus all organizations that are owned or controlled by the Township and are, therefore, accountable to Council for the administration of their financial affairs and resources. The financial statements exclude trust assets that are administered for the benefit of external parties.

The Township contributes to the following joint local boards, which are not proportionately consolidated in these statements:

- Lakehead Police Services Board
- Lakehead Rural Planning Board
- Thunder Bay District Health Unit
- The District of Thunder Bay Social Services Administration Board

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and balances in banks.

Financial instruments

The Township recognizes its financial instruments when the Township becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value.

At initial recognition, the Township may irrevocably elect to subsequently measure any financial instrument at fair value. The Township has not made such an election during the year.

The Township subsequently measures investments in equity instruments quoted in an active market and all derivative instruments, except those that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, at fair value. Transactions to purchase or sell these items are recorded on the trade date. Net gains and losses arising from changes in fair value are recognized in the statement of remeasurement gains and losses, with the exception of gains and losses on externally restricted financial assets measured at fair value, which are recognized as an increase or decrease to the associated liability until the resources are used in accordance with their specified purpose. The Township has not presented a statement of remeasurement gains and losses as it does not have any items giving rise to remeasurement gains (losses). Interest income is recognized in the statement of operations. Investments in equity instruments not quoted in an active market and derivatives that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, are subsequently measured at cost. With the exception of those instruments designated at fair value, all other financial assets and liabilities are subsequently measured at amortized cost using the effective interest rate method.

Transaction costs directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in operating surplus (deficit). Conversely, transaction costs are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

All financial assets except derivatives are tested annually for impairment. Any impairment, which is not considered temporary, is recorded in the statement of operations. Write-downs of financial assets measured at cost and/or amortized cost to reflect losses in value are not reversed for subsequent increases in value. Reversals of any net remeasurements of financial assets measured at fair value are reported in the statement of remeasurement gains and losses.

Non-financial assets

Non-financial assets are acquired, constructed or developed assets that do not normally provide resources to discharge existing liabilities but are employed to deliver government services, may be consumed in normal operations and are not for resale in the normal course of operations. Non-financial assets include tangible capital assets.

1. Significant accounting policies *(Continued from previous page)*

Accounting for school board transactions

The Township collects taxation revenue on behalf of the school boards. The taxation, other revenue, expenses, assets and liabilities with respect to the operations of the school boards are not reflected in the current fund balances of these financial statements. Education taxes collected by the Township and over-remitted or not remitted to the respective school boards as at December 31 are reported as a financial asset or liability on the statement of financial position.

Tangible capital assets

Tangible capital assets are initially recorded at cost based on 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 assets are recorded at their fair value at the date of contribution with a corresponding amount recorded as revenue.

When conditions indicate that a tangible capital asset no longer contributes to the Township’s ability to provide goods and services, or that the value of future economic benefits associated with a tangible capital asset is less than its net book value, the Township reduces the cost of the asset to reflect the decline in it’s value. Write-downs of tangible capital assets are not reversed.

Amortization

Tangible capital assets are amortized annually using the following methods at rates intended to amortize the cost of the assets over their estimated useful lives.

	Method	***Rate***
Land improvements	straight-line	10 to 75 years
Buildings	straight-line	5 to 70 years
Vehicles	straight-line	10 to 20 years
Machinery and equipment	straight-line	5 to 25 years
Computer equipment and software	straight-line	5 years
Roads	straight-line	15 to 60 years
Bridges and culverts	straight-line	35 to 80 years

Assets under construction are not amortized until the asset is available for use.

Certain assets have been assigned a nominal value because of the difficulty of determining a tenable valuation. The most significant of such assets are the Township's road allowances.

Trust funds

Any funds held in trust by the Township, and their related operations, are not included in these financial statements. The financial activity and position of the trust fund is reported separately.

Employee future benefits

The Township's contributions to the defined contribution plan are expensed as incurred.

1. Significant accounting policies *(Continued from previous page)*

Revenue recognition

Government transfers

The Township recognizes a government transfer as revenue when the transfer is authorized and all eligibility criteria, if any, have been met. A government transfer with stipulations giving rise to an obligation that meets the definition of a liability is recognized as a liability. In such circumstances, the Township recognizes revenue as the liability is settled.

Tax revenue

The Township recognizes taxes as assets and revenue when they meet the definition of an asset; are authorized; and the taxable event has occurred.

Tax revenue is initially measured at management’s best estimate of the amount resulting from the original taxable event in accordance with tax legislation. The related tax receivable is initially recognized at its realizable value at the date of acquisition. At each financial statement date, the Township evaluates the tax receivable for collectability and records a valuation allowance to reflect the tax receivable at its net recoverable amount, if necessary.

User fees and service charges

The Township recognizes user charges and fees in the period in which the related services are performed. Amounts collected for which the related service have yet to be performed are recognized as a liability and recognized as revenue when the related services are performed.

Other revenue

Revenue from transactions with performance obligations is recognized when the Township satisfies a performance obligation by providing the promised goods or services to a payor. The performance obligation is evaluated as being satisfied either over a period of time or at a point in time.

Interest is recognized as it is earned.

Funds received, other than government transfers and tax revenue, for specific purposes which are externally restricted by legislation, regulation or agreement and are not available for general purposes are accounted for as deferred revenue on the statement of financial position. The revenue is recognized in the statement of operations and accumulated surplus in the year in which it is used for the specified purpose.

Asset retirement obligation

A liability for an asset retirement obligation is recognized at the best estimate of the amount required to retire a tangible capital asset (or a component thereof) at the financial statement date when there is a legal obligation for the Township to incur retirement costs in relation to a tangible capital asset (or component thereof), the past transaction or event giving rise to the liability has occurred, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount can be made. The best estimate of the liability includes all costs directly attributable to asset retirement activities, based on information available at December 31, 2025. The best estimate of an asset retirement obligation incorporates a present value technique, when the cash flows required to settle or otherwise extinguish an asset retirement obligation are expected to occur over extended future periods.

When a liability for an asset retirement obligation is initially recognized, a corresponding asset retirement cost is capitalized to the carrying amount of the related tangible capital asset (or component thereof). The asset retirement cost is amortized over the useful life of the related asset.

At each financial reporting date, the Township reviews the carrying amount of the liability. The Township recognizes period-to-period changes to the liability due to the passage of time as accretion expense. Changes to the liability arising from revisions to either the timing, the amount of the original estimate of undiscounted cash flows or the discount rate are recognized as an increase or decrease to the carrying amount of the related tangible capital asset.

The Township continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made.

1. Significant accounting policies *(Continued from previous page)*

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. Significant estimates in these financial statements include assumptions used in estimating provisions for doubtful taxes and accounts receivable, useful lives of tangible capital assets, and asset retirement obligations.

2. Change in accounting policy

Effective January 1, 2025, the Township adopted PS 3280 Asset Retirement Obligations, as set out in the Canadian public sector accounting standards. The change was applied retroactively using modified retroactive application and prior periods have been restated.

Previously, the Township had not recognized its obligations related to the retirement of tangible capital assets. Under the new recommendations, a liability for the Township's asset retirement obligation and corresponding asset retirement costs have been recognized, as described in Note 1 Significant *Accounting Policies*.

The prior period figures have been retroactively adjusted as follows:

	Previously Reported	*Adjustment*	*As Restated*
Statement of Financial Position			
Asset retirement obligation	**-**	**269,837**	**269,837**
Net debt	**532,456**	**269,837**	**802,293**
Tangible capital assets	**2,664,037**	**27,381**	**2,691,418**
Accumulated surplus	**2,131,581**	**(242,456)**	**1,889,125**
Statement of Operations and Accumulated Surplus			
General government	**500,899**	**1,407**	**502,306**
Transportation services	**418,222**	**1,626**	**419,848**
Environmental services	**60,250**	**11,009**	**71,259**
Recreation and cultural services	**87,349**	**289**	**87,638**
Annual surplus	**240,222**	**(14,331)**	**225,891**
Accumulated surplus, beginning of year	**1,891,359**	**(228,125)**	**1,663,234**
Accumulated surplus, end of year	**2,131,581**	**(242,456)**	**1,889,125**
Statement of Changes in Net Assets			
Annual surplus	**240,222**	**(14,331)**	**225,891**
Amortization of tangible capital assets	**138,726**	**1,849**	**140,575**
Net debt, beginning of year	**776,815**	**257,355**	**1,034,170**
Net debt, end of year	**532,456**	**269,837**	**802,293**

3. Future accounting policies

Effective for year ends beginning on or after April 1, 2026, the Public Sector Accounting Board issued the Conceptual Framework for Financial Reporting in the Public Sector which replaces conceptual aspects of PS 1000 Financial Statement Concepts and PS 1100 Financial Statement Objectives. At the same time, they issued PS 1202 Financial Statement Presentation. The Township has not yet adopted these standards or determined the effect on the financial statements.

4. Cash

	2025	*2024*
Operating bank account (overdraft)	**(17,484)**	106,257
CCBF bank account	**280,210**	144,607
OCIF bank account	**66,195**	64,560
Reserve fund bank account	**108,416**	28,577
	437,337	344,001

The Township's credit facilities include a revolving demand line of credit with authorized credit of $300,000 which carries interest at prime less 0.50%. As at December 31, 2025, the Township utilized $nil (2024 - $nil) of this facility. The prime rate was 4.45% at December 31, 2025 (2024 - 5.45%).

5. Accounts receivable

	2025	*2024*
Public service bodies' rebate (HST)	**-**	32,816
Trade receivable	**869,490**	31,069
	869,490	63,885

6. Accounts payable and accrued liabilities

	2025	*2024*
Trade payable and other accrued liabilities	**114,191**	73,298
Government remittances	**66,259**	24,243
	180,450	97,541

7. Deferred revenue

The following table represents changes in the deferred revenue balance attributable to each major category of external restrictions:

	Balance, beginning of year	***Contributions received***	***Transfers to revenue***	***Balance, end of year***
AMO - Canada Community-Building Fund (CCBF)	**316,654**	**56,559**	**93,416**	**279,797**
Ontario Community Infrastructure Fund (OCIF)	**63,112**	**101,635**	**85,658**	**79,089**
Ministry of Northern Development, Mines, Natural Resources and Forestry - Northern Ontario Resource Development Support Fund	**19,979**	**61,200**	**81,179**	**-**
Ministry of the Solicitor General	**-**	**27,000**	**-**	**27,000**
Other	**43,200**	**-**	**21,600**	**21,600**
	442,945	**246,394**	**281,853**	**407,486**

Canada Community-Building Fund is provided by the Government of Canada. The Township is required to put unspent funding into a reserve fund. The funding and interest earned in the reserve must be spent on approved projects.

8. Asset retirement obligation

Asset retirement obligations were recognized related to the remediation required for asbestos and contaminated soil present at three buildings, the closure cost associated with one of the Township's landfills, and the rehabilitation of the Township's two gravel pits. As at year end, an obligation of $282,925 (2024 - $269,837) has been accrued on the statement of financial position. This amount was determined based on total undiscounted expenditures of $814,422 present valued at a discount rate of 4.85% as follows:

Buildings with asbestos and contaminated soil	4 - 50 years
Landfill closure costs	37 years
Landfill post-closure costs	25 years
Gravel pits	50 years

Payment to settle the asset retirement obligations related to the buildings with asbestos and contaminated soil will occur at the end of the life in full. Payment to settle the asset retirement obligations related to the landfill closure costs will occur at the end of its life in full, and post closure costs will occur in its post-closure monitoring period of 25 years.

	2025	*2024 As restated (Note 2)*
Balance, beginning of year	**269,837**	-
Restatement for change in accounting policy	**-**	257,355
Accretion expense	**13,088**	12,482
Balance, end of year	**282,925**	269,837

9. Long-term debt

	2025	*2024*
TD Canada Trust		
Term loan payable in blended monthly installments of $1,162 including interest at 3.921% maturing December 2041	**165,473**	172,790
Term loan payable in blended monthly installments of $3,515 including interest at 6.411% maturing September 2032	**230,887**	257,276
Infrastructure Ontario		
Debenture payable in semi-annual installments of $25,112 including interest at 1.22% maturing August 2027	**98,936**	147,509
	495,296	577,575

Principal repayments on long-term debt in each of the next five years and thereafter are estimated as follows:

	Principal
2026	84,967
2027	87,734
2028	40,266
2029	42,710
2030	45,307
Thereafter	194,312
	495,296

10. Accumulated surplus

The Township segregates its accumulated surplus into the following categories:

	2025	2024 As restated (Note 2)
Surpluses (deficits)		
General fund	**590,330**	35,555
Investment in tangible capital assets	**2,694,093**	2,691,418
Amounts to be funded		
Long-term debt	**(495,296)**	(577,575)
Asset retirement obligations	**(282,925)**	(269,837)
	2,506,202	1,879,561
Reserve funds set aside for specific purposes by Council		
For landfill closure and post-closure liability	**24,624**	2,391
For operating	**40,115**	2,391
For complex	**23,033**	2,391
For government	**12,450**	2,391
For cemetery	**3,800**	-
For fire department	**127,099**	-
For public works	**70,000**	-
	301,121	9,564
	2,807,323	1,889,125

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

Reserves and reserve funds represent a portion of accumulated surplus set aside by By-law or Council resolution for specific purposes.

11. Government transfers

	2025 Budget	**2025**	2024
Government of Canada			
AMO - Canada Community-Building Fund	52,269	**93,416**	-
Investing in Canada Infrastructure Program	80,000	**80,000**	-
	132,269	**173,416**	-
Province of Ontario			
Ministry of Northern Development, Mines, Natural Resources and Forestry	62,000	**81,179**	41,743
Northern Ontario Heritage Fund Corporation	-	**7,088**	34,835
Ontario Community Infrastructure Fund	100,000	**85,658**	94,949
Ontario Municipal Partnership Fund	222,400	**222,400**	205,800
Emergency Management Ontario	-	**-**	50,000
Investing in Canada Infrastructure Program	20,000	**20,000**	-
Other	1,225	**9,817**	19,481
	405,625	**426,142**	446,808

12. Expenses by object

	2025 Budget	*2025*	*2024 As restated (Note 2)*
Salaries, wages and employee benefits	594,115	**445,894**	462,284
Interest on long-term debt	-	**24,073**	34,069
Materials and supplies	702,957	**659,122**	449,703
Accretion	-	**13,088**	12,482
Contracted services	174,853	**244,305**	167,149
Financial	5,000	**8,877**	6,925
External transfers	194,267	**202,746**	185,664
Amortization	-	**151,986**	140,575
	1,671,192	**1,750,091**	1,458,851

13. Budget

The Financial Plan (Budget) By-Law adopted by Council on May 13, 2025 was not prepared on a basis consistent with that used to report actual results (Canadian public sector accounting standards). The budget was prepared on a modified accrual basis, while Canadian public sector accounting standards require a full accrual basis. The budget expensed all tangible capital expenses rather than including amortization expense. In addition, the budget expensed principal debt repayment as well as reserve transfers. As a result, the budget figures presented in the statement of operations and accumulated surplus and changes in net debt represent the Financial Plan adopted by Council on May 13, 2025, with adjustments as follows:

Financial Plan (Budget) Bylaw surplus for the year	-
Add:	
Budgeted transfers to reserves	**194,706**
Debt repayment	**106,353**
Less:	
Budget surplus per statement of operations	**301,059**

14. Trust fund

The cemetery trust fund administered by the Township amounting to $32,075 (2024 - $28,875) has not been included in the statement of financial position nor has the operations been included in the statement of operations and accumulated surplus.

15. Financial instruments

The Township is exposed to a variety of financial risks including credit risk, liquidity risk and market risk. 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.

Credit risk

Credit risk is the risk of financial loss because a counter party to a financial instrument fails to discharge its contractual obligations. The Township is exposed to credit risk through its cash, accounts receivable and taxes receivable. The Township is subject to credit risk on the excess deposits over the amount not covered by the Canadian Deposit Insurance Corporation (CDIC). Credit risk arises on receivables over the collectibility of these balances.

The carrying amount of the Township’s cash and receivables best represents the maximum exposure to credit risk.

15. Financial instruments *(Continued from previous page)*

The Township manages its credit risk by holding cash at federally regulated chartered banks with cash accounts insured up to $100,000. The Township manages potential credit risk on accounts receivable through proactive credit management policies that include approval and monitoring processes. The risk surrounding taxes receivable is minimized as the Township can put a property up for tax sale after it has been vested.

There have not been any changes from the prior year in the Township's exposure to credit risk or the policies, procedures and methods it uses to manage and measure the risk.

Liquidity risk

Liquidity risk is the risk that the Township will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivery of cash or another financial asset. The Township is exposed to liquidity risk through its accounts payable and accrued liabilities and long-term debt.

The Township manages the liquidity risk by monitoring cash activities and expected outflows through budgeting.

The contractual maturities (representing undiscounted contractual cash-flows) of the Township's accounts payable and accrued liabilities and long-term debt are as follows: within 6 months $222,934 (2024 - $138,708), 6 months to 1 year $42,483 (2024 - $41,167), 1 to 5 years $216,017 (2024 - $265,677), and over 5 years $194,312 (2024 - $239,564).

There have not been any changes from the prior year in the Township's exposure to liquidity risk or the policies, procedures and methods it uses to manage and measure the risk.

Market risk

Market risk is the risk that the fair value or 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 other price risk. The Township is mainly exposed to interest rate risk. The Township does not feel it is exposed to currency or other price risk.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Township is exposed to interest rate risk on its revolving demand line of credit which has a variable interest rate that fluctuates as the bank's prime lending rate increases or decreases.

The Township manages its interest rate risk by minimizing its use of the revolving demand line of credit as much as possible and obtaining fixed rate loans when needed to finance larger purchases.

There have not been any changes from the prior year in the Township's exposure to interest rate risk or the policies, procedures and methods it uses to manage and measure the risk.

16. Segments

The Corporation of the Township of Conmee provides a wide range of services to its citizens. Distinguishable functional segments have been separately disclosed in Schedule 2 - Schedule of Segmented Disclosure. The nature of the segments and the activities they encompass are as follows:

a) General Government

General government is comprised of various administrative services including general administration, finance, and the services of the Mayor and Council. Township office staff provide a variety of services for citizens plus provide support for other departments and programs. Assessment services, provided by Municipal Property Assessment Corporation, are responsible for providing services to both citizens and the Township.

b) Protection Services

Protection services include fire, police, 911 and building inspection. Services provided by Lakehead Region Conservation Authority are also included. The volunteer fire department is responsible for fire suppression, being the first response to emergencies in the Township, fire prevention programs and training and education related to prevention, detection or extinguishment of fires. It is responsible for staffing, training, and the maintenance of the fire halls, fleet and personal protective and fire fighting equipment. Police services are contracted through the Ontario Provincial Police.

16. Segments *(Continued from previous page)*

c) Transportation Services

Transportation services include roadway maintenance of the Township roadway systems, culverts, brushing, dust suppressant, flood and winter control that includes plowing and salt/sand application. Included in this segment is maintenance of all public works equipment and the garage.

d) Environmental Services

The Township provides waste disposal at a landfill site and includes recycling and landfill site operations and waste minimization programs.

e) Health Services

Health services include public health services and ambulance services. Public health services cover the Township's contribution to the activities to the Thunder Bay District Health Unit. The Thunder Bay District Health Unit provides health information and prevention-related clinical services; advocates for healthy public policy; investigates reportable diseases; and upholds regulations that apply to public health. This reporting segment also covers the operation and maintenance of the Conmee Cemetery.

f) Social and Family Services

Social and family services represents the Township's contribution to the activities of the District of Thunder Bay Social Services Administration Board ("TBDSSAB"). TBDSSAB is responsible for Ontario Works program delivery, child care services and social housing.

g) Recreational and Cultural Services

Recreation and cultural services include recreation facilities, operation and maintenance of the Municipal Complex and public library services. The Township provides for the development and maintenance of various recreational facilities. The public library services are contracted with the Oliver-Paipoonge Public Library Board and provides community access to local and global information resources that support lifelong learning, research and leisure activities.

h) Planning and Development

Planning and development manages rural development for business interest, environmental concerns, local community, and overall planning and community development including approval of all land development plans. The Township's contributions to the activities of the Lakehead Rural Planning Board are included in planning activities.

The accounting policies of the segments are the same as those described in the summary of of significant accounting policies.

The Corporation of the Township of Conmee
Schedule 1 - Schedule of Tangible Capital Assets
For the year ended December 31, 2025

	General					Infrastructure							
	Land and land improvements	*Buildings*	*Vehicles*	*Machinery and equipment*	*Computers and software*	*Land and land improvements*	*Buildings*	*Vehicles*	*Roads*	*Machinery and equipment*	*Bridges and culverts*	*2025*	*2024 As restated (Note 2)*
Cost													
Balance, beginning of year	**442,821**	**1,372,982**	**291,597**	**267,543**	**19,314**	**23,987**	**119,627**	**444,872**	**822,787**	**902,735**	**418,388**	**5,126,653**	5,032,225
Acquisition of tangible capital assets	**-**	**-**	**93,416**	**6,029**	**-**	**-**	**-**	**-**	**55,216**	**-**	**-**	**154,661**	134,589
Disposal of tangible capital assets	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-57,801**	**-**	**-**	**-57,801**	-40,161
Balance, end of year	**442,821**	**1,372,982**	**385,013**	**273,572**	**19,314**	**23,987**	**119,627**	**444,872**	**820,202**	**902,735**	**418,388**	**5,223,513**	5,126,653
Accumulated amortization													
Balance, beginning of year	**253,502**	**479,014**	**274,843**	**196,515**	**19,314**	**20,460**	**37,492**	**248,124**	**426,449**	**321,914**	**157,608**	**2,435,235**	2,334,821
Annual amortization	**10,753**	**27,975**	**4,248**	**18,377**	**-**	**27**	**1,839**	**25,854**	**36,651**	**22,094**	**4,168**	**151,986**	140,575
Accumulated amortization on disposals	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-57,801**	**-**	**-**	**-57,801**	-40,161
Balance, end of year	**264,255**	**506,989**	**279,091**	**214,892**	**19,314**	**20,487**	**39,331**	**273,978**	**405,299**	**344,008**	**161,776**	**2,529,420**	2,435,235
Net book value of tangible capital assets	**178,566**	**865,993**	**105,922**	**58,680**	**-**	**3,500**	**80,296**	**170,894**	**414,903**	**558,727**	**256,612**	**2,694,093**	2,691,418

The Corporation of the Township of Conmee
Schedule 2 - Schedule of Segmented Disclosure
For the year ended December 31, 2025

	General government	Protection services	Transportation services	Environmental services	Health services	Social and family services	Recreation and cultural services	Planning and development	2025
Revenue									
Taxation	**1,112,983**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1,112,983**
Government transfers - Government of Canada	**80,000**	**-**	**93,416**	**-**	**-**	**-**	**-**	**-**	**173,416**
Government transfers - Province of Ontario	**249,488**	**8,592**	**166,837**	**-**	**-**	**-**	**1,225**	**-**	**426,142**
User fees and service charges	**-**	**3,639**	**24,218**	**25,298**	**520**	**-**	**7,291**	**-**	**60,966**
Investment income	**35,387**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**35,387**
Other revenue	**97,265**	**8,541**	**743,250**	**5,196**	**770**	**-**	**4,373**	**-**	**859,395**
	1,575,123	**20,772**	**1,027,721**	**30,494**	**1,290**	**-**	**12,889**	**-**	**2,668,289**
Expenses									
Salaries and benefits	**217,507**	**29,988**	**178,038**	**11,456**	**-**	**-**	**8,905**	**-**	**445,894**
Interest on long-term debt	**24,073**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**24,073**
Materials	**157,909**	**88,143**	**314,156**	**27,614**	**422**	**-**	**70,878**	**-**	**659,122**
Contract services	**110,178**	**116,817**	**1,409**	**15,875**	**-**	**-**	**26**	**-**	**244,305**
Financial	**8,877**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**8,877**
External transfers	**-**	**5,147**	**-**	**-**	**91,767**	**104,357**	**1,225**	**250**	**202,746**
Accretion	**1,409**	**-**	**1,630**	**9,749**	**-**	**-**	**300**	**-**	**13,088**
Amortization	**28,830**	**12,462**	**99,333**	**2,150**	**-**	**-**	**9,211**	**-**	**151,986**
	548,783	**252,557**	**594,566**	**66,844**	**92,189**	**104,357**	**90,545**	**250**	**1,750,091**
Annual surplus (deficit)	**1,026,340**	**-231,785**	**433,155**	**-36,350**	**-90,899**	**-104,357**	**-77,656**	**(250)**	**918,198**

The Corporation of the Township of Conmee
Schedule 2 - Schedule of Segmented Disclosure
For the year ended December 31, 2024

	General government	Protection services	Transportation services	Environmental services	Health services	Social and family services	Recreation and cultural services	Planning and development	2024 *As restated (Note 2)*
Revenue									
Taxation	1,071,149	-	-	-	-	-	-	-	1,071,149
Government transfers - Province of Ontario	308,891	-	136,692	-	-	-	1,225	-	446,808
User fees and service charges	-	-	1,686	3,308	4,718	-	3,588	-	13,300
Investment income	36,242	-	-	-	-	-	-	-	36,242
Other revenue	84,190	21,656	-	5,073	-	681	5,643	-	117,243
	1,500,472	21,656	138,378	8,381	4,718	681	10,456	-	1,684,742
Expenses									
Contract services	40,934	99,633	-	26,251	331	-	-	-	167,149
Interest on long-term debt	34,069	-	-	-	-	-	-	-	34,069
External transfers	-	4,927	-	-	86,985	92,277	1,225	250	185,664
Materials	131,715	56,984	171,351	19,914	1,840	-	67,899	-	449,703
Salaries and benefits	258,490	27,016	154,116	13,646	-	-	9,016	-	462,284
Financial	6,925	-	-	-	-	-	-	-	6,925
Accretion	1,343	-	1,555	9,298	-	-	286	-	12,482
Amortization	28,830	7,557	92,826	2,150	-	-	9,212	-	140,575
	502,306	196,117	419,848	71,259	89,156	92,277	87,638	250	1,458,851
Annual surplus (deficit)	998,166	-174,461	-281,470	-62,878	-84,438	-91,596	-77,182	(250)	225,891