

**The Corporation of the Township of  
Dawson  
Consolidated Financial Statements  
For the year ended December 31, 2021**

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Dawson**  
Consolidated Financial Statements  
For the year ended December 31, 2021

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## The Corporation of the Township of Dawson Management's Responsibility for Financial Reporting

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The accompanying consolidated financial statements of the Corporation of the Township of Dawson and all the information in this annual report are the responsibility of management and have been approved by the Mayor and Clerk-Treasurer on behalf of Council.

The consolidated financial statements have been prepared by management in accordance with Public Sector Accounting Principles. Consolidated financial statements are not precise since they include certain amounts based on estimates and judgments. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the consolidated financial statements are presented fairly, in all material respects.

The Township maintains systems of internal accounting and administrative controls of high quality consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the Township's assets are appropriately accounted for and adequately safeguarded.

The Township Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements.

The Council reviews the Township's consolidated financial statements and meets periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the annual report, the consolidated financial statements and the external auditor's report.

The consolidated financial statements have been audited by BDO Canada LLP in accordance with Canadian generally accepted auditing standards on behalf of the members. BDO Canada LLP have full and free access to the Council.

\_\_\_\_\_ Mayor

\_\_\_\_\_ Clerk-Treasurer



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## Independent Auditor's Report

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

#### Opinion

We have audited the consolidated financial statements of the Corporation of the Township of Dawson and its subsidiaries (the Group), which comprise the Consolidated Statement of Financial Position as at December 31, 2021, and the Consolidated Statement of Operations, the Consolidated Statement of Change in Net Financial Assets and the Consolidated Statement of Cash Flows for the year then ended, and Notes to Consolidated Financial Statements, including a Summary of Significant Accounting Policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2021, and its consolidated financial performance, its consolidated cash flows, and its consolidated change in net financial assets 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 Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

#### Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 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 Group'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 Group'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 consolidated 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

Fort Frances, Ontario  
February 2, 2022

## The Corporation of the Township of Dawson Consolidated Statement of Financial Position

December 31	2021	2020
<b>Financial assets</b>		
Cash and cash equivalents	\$ 96,365	\$ 54,200
Taxes receivable	68,464	69,908
Accounts receivable	139,438	576,056
Investments (Note 1)	1,158,509	821,379
Loans receivable (Note 2)	80,109	88,392
	<b>1,542,885</b>	<b>1,609,935</b>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	33,295	26,781
Deferred revenue (Note 3)	245,400	260,062
Net long-term debt (Note 4)	80,109	88,392
Solid waste closure and post-closure liabilities (Note 5)	371	342
	<b>359,175</b>	<b>375,577</b>
<b>Net financial assets</b>	<b>1,183,710</b>	<b>1,234,358</b>
<b>Non-financial assets</b>		
Tangible capital assets (Note 6)	3,484,385	3,235,452
Prepaid expenses	13,150	11,309
Inventory of supplies	55,972	58,977
Tangible capital assets under construction	2,900	-
	<b>3,556,407</b>	<b>3,305,738</b>
<b>Accumulated surplus (Note 7)</b>	<b>\$ 4,740,117</b>	<b>\$ 4,540,096</b>

Contingent liability (Note 13)

Commitments (Note 15)

\_\_\_\_\_ Mayor

\_\_\_\_\_ Clerk-Treasurer

## The Corporation of the Township of Dawson Consolidated Statement of Operations

For the year ended December 31	Budget 2021	2021	2020
<b>Revenue</b>			
Taxation	\$ 569,417	\$ 579,546	\$ 569,685
Government transfers - Federal (Note 10)	197,820	26,936	324,313
Government transfers - Provincial (Note 9)	860,506	641,654	789,263
User fees and service charges	8,804	32,040	6,572
Permits, licenses and fines	17,263	25,976	16,585
Investment income	7,994	6,087	13,648
Municipal grants	21,500	54,467	25,945
Other income (Note 8)	19,200	21,764	50,275
	<b>1,702,504</b>	<b>1,388,470</b>	<b>1,796,286</b>
<b>Expenses</b>			
General government	143,204	136,072	137,124
Protection services	228,036	154,124	176,477
Transportation services	589,405	594,006	566,109
Environmental services	32,633	28,990	32,082
Health services	128,951	141,113	130,949
Social and family services	14,498	10,868	11,591
Social housing	60,256	60,256	58,374
Recreation and cultural services	21,386	20,415	26,594
Planning and development	48,277	42,605	99,202
	<b>1,266,646</b>	<b>1,188,449</b>	<b>1,238,502</b>
<b>Annual surplus</b>	<b>435,858</b>	<b>200,021</b>	<b>557,784</b>
<b>Accumulated surplus, beginning of year</b>	<b>4,540,096</b>	<b>4,540,096</b>	<b>3,982,312</b>
<b>Accumulated surplus, end of year</b>	<b>\$ 4,975,954</b>	<b>\$ 4,740,117</b>	<b>\$ 4,540,096</b>

**The Corporation of the Township of Dawson  
Consolidated Statement of Change in Net Financial Assets**

<b>For the year ended December 31</b>	<b>Budget 2021</b>	<b>2021</b>	<b>2020</b>
<b>Annual surplus</b>	\$ 435,858	\$ 200,021	\$ 557,784
Acquisition of tangible capital assets	(770,900)	(473,184)	(642,810)
Amortization of tangible capital assets	207,847	221,351	205,925
Proceeds on sale of tangible capital assets	-	-	1,479
	<b>(127,195)</b>	<b>(51,812)</b>	<b>122,378</b>
Acquisition of prepaid expenses and inventory of supplies	-	1,163	3,549
<b>Net change in net financial assets</b>	<b>(127,195)</b>	<b>(50,649)</b>	<b>125,927</b>
<b>Net financial assets, beginning of year</b>	<b>1,234,358</b>	<b>1,234,358</b>	<b>1,108,431</b>
<b>Net financial assets, end of year</b>	<b>\$ 1,107,163</b>	<b>\$ 1,183,709</b>	<b>\$ 1,234,358</b>



## The Corporation of the Township of Dawson Consolidated Statement of Cash Flows

For the year ended December 31	2021	2020
<b>Operating transactions</b>		
Annual surplus	\$ 200,021	\$ 557,784
Item not involving cash		
Amortization	221,351	205,925
Changes in non-cash operating balances		
Taxes receivable	1,445	(25,938)
Accounts receivable	436,619	(414,777)
Prepaid expenses and inventory of supplies	1,163	3,549
Accounts payable and accrued liabilities	6,513	(4,816)
Deferred revenue	(14,662)	62,647
Solid waste closure and post-closure liabilities	30	28
	<u>852,480</u>	<u>384,402</u>
<b>Capital transactions</b>		
Acquisition of tangible capital assets	(473,184)	(642,810)
Proceeds on sale of tangible capital assets	-	1,479
	<u>(473,184)</u>	<u>(641,331)</u>
<b>Investing transactions</b>		
Disposal (acquisition) of investments	(337,131)	240,575
Advance of loan receivable	-	(46,207)
	<u>(337,131)</u>	<u>194,368</u>
<b>Financing transactions</b>		
Proceeds from issuance of long-term debt	-	46,207
<b>Net change in cash and cash equivalents</b>	<b>42,165</b>	<b>(16,354)</b>
Cash and cash equivalents, beginning of year	<u>54,200</u>	<u>70,554</u>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 96,365</b>	<b>\$ 54,200</b>
<b>Cash and cash equivalents consist of:</b>		
Cash and cash equivalents	<u>\$ 96,365</u>	<u>\$ 54,200</u>

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# The Corporation of the Township of Dawson

## Summary of Significant Accounting Policies

December 31, 2021

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### Management's Responsibility for the Consolidated

**Financial Statements** The consolidated financial statements of the Corporation of the Township of Dawson are the representations of management. They have been prepared in accordance with Canadian accounting principles established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada.

**Basis of Consolidation** The consolidated financial statements reflect the assets, liabilities, revenues and expenditures of all the municipal Organizations, committees, and boards which are owned or controlled by Council.

The Municipality has a government partnership in place. The partnership is accounted for on a proportionate consolidation basis whereby the Municipality's pro-rata share of each of the assets, liabilities, revenue and expenditures are combined on a line by line basis in the consolidated financial statements. The Municipality has a 33.33% ownership in the government partnership. The government partnership that has been consolidated is:

Rainy River Health Care Committee

The following boards are not consolidated:

Northwestern Health Unit

Rainy River District Social Services Administration Board

Government business enterprises are separate legal entities which do not rely on the Municipality for funding. Investments in government business enterprises are accounted for using the modified equity method. No government business enterprises are reflected in the consolidated financial statements.

### Revenue Recognition

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. As taxes recorded are initially based on management's best estimate of the taxes that will be received, it is possible that changes in future conditions, such as reassessments due to audits, appeals and court decisions, could result in a change in the amount of tax revenue recognized. Taxes receivable are recognized net of an allowance for anticipated uncollectible amounts. Taxation revenue is initially recognized based on management's best estimate of the taxes that will be received. However, the total of tax revenue recognized may change due to future reassessments such as audits, appeals and court decisions.

User fees and other revenues are recognized when the services are performed or goods are delivered and there is reasonable assurance of collection.

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## The Corporation of the Township of Dawson Summary of Significant Accounting Policies

December 31, 2021

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**Cash and Cash  
Equivalents**

The policy of the Municipality is to disclose bank balances under cash and cash equivalents including bank overdrafts and lines of credit with balances that fluctuate frequently from being positive to being overdrawn and temporary investments with a maturity of three months or less from the date of acquisition.

**Basis of Accounting**

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

The consolidated statement of financial position reflects all of the financial assets and liabilities of the Municipality. Financial assets are those assets which could provide resources to discharge existing liabilities or finance future operations. Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the change in net financial assets for the year. Accumulated surplus represents the financial position of the Municipality, and is the difference between its assets and liabilities. This provides information about the Municipality's overall future revenue requirements and its ability to finance activities and meet its obligations.

**Investments**

The Municipality accounts for its investments at cost. The carrying value of an investment is written down to its net recoverable amount if a decline in value is judged to be other than temporary.

**Long-term Loans  
Receivable**

Loans receivable are initially valued at cost. Loans are carried at the unpaid principal less allowance for doubtful loans. Allowances are recognized when events or circumstances result in the expectation of a loss. Interest revenue is recognized when earned using the accrual basis of accounting.

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## The Corporation of the Township of Dawson Summary of Significant Accounting Policies

December 31, 2021

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### **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 at one half of the annual rate in the year of capitalization. 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:

Buildings	20 to 50 years
Roads	10 to 80 years
Machinery and equipment	10 to 20 years
Vehicles	10 to 20 years
Furniture and equipment	10 years
Computer hardware and software	5 to 10 years

### **Deferred Revenue**

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

### **Government Transfers**

Government transfers, which include legislative grants, are recognized on the consolidated financial statements in the period in which events giving rise to the transfers occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amount can be made.

### **School Boards**

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

### **Trust Fund**

Funds held in trust by the Municipality, and their related operations, are not included on these consolidated financial statements. The financial activity and position of the Trust Fund are reported separately on the Trust Fund statement of continuity and balance sheet.

### **Solid Waste Landfills**

The estimated costs to close and maintain solid waste landfill sites are based on estimated future expenses in current dollars, discounted, adjusted for estimated inflation, and are charged to expense as the landfill site's capacity is used.

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## The Corporation of the Township of Dawson Summary of Significant Accounting Policies

December 31, 2021

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### **Use of Estimates**

The preparation of consolidated 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 consolidated 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 estimates used in preparation of these consolidated financial statements are the useful lives of the property, plant and equipment, the capacity of the landfill sites, the useful lives of the landfill sites, the post-closure costs of the landfills and taxation revenue.

## The Corporation of the Township of Dawson Notes to Consolidated Financial Statements

December 31, 2021

### 1. Investments

	2021	2020
Bonds	\$ 3,204	\$ 3,143
High interest savings	1,155,305	699,626
Capital grant receivable	-	118,610
	\$ 1,158,509	\$ 821,379

The income from investments for the year was \$4,352 (2020 - \$14,878). The investments are classified as portfolio investments and are recorded at cost. Investments in high interest savings accounts earn interest at 0.715% (2020 - 0.915%). The market value of the Municipality's investments in bonds was \$3,204 (2020 - \$3,143).

Certain surplus funds are set aside by by-laws or Council resolution for specific purposes and referred to as reserve funds. Investments restricted by Council resolution represent the assets that are maintained in respect of those reserve funds (Note 7).

### 2. Loans Receivable

The Municipality advanced funds to landowners under the Ontario Tile Loan Program. The Municipality has received a corresponding loan from the Ministry of Agriculture, Food and Rural Affairs (Note 4).

	2021	2020
Due from landowners with interest at 6.0%, repayable in annual instalments of \$6,793 principal and interest, maturing August 1, 2028.	\$ 37,923	\$ 42,185
Due from landowners with interest at 6.0%, repayable in annual instalments of \$6,793 principal and interest, maturing October 1, 2029.	42,186	46,207
Total loans receivable	\$ 80,109	\$ 88,392

### 3. Deferred Revenue

	Opening balance	Contributions received	Externally restricted investment income	Revenue recognized	Ending balance
Federal gas tax	\$ 194,752	\$ 58,223	\$ 1,152	\$ (24,116)	\$ 230,011
Infrastructure programs	50,000	50,000	-	(100,000)	-
Parks	15,310	-	79	-	15,389
	\$ 260,062	\$ 108,223	\$ 1,231	\$ (124,116)	\$ 245,400

# The Corporation of the Township of Dawson Notes to Consolidated Financial Statements

**December 31, 2021**

### 3. Deferred Revenue (continued)

#### Federal Gas Tax

The Ministry requires the Municipality to put unspent gas tax funding into a reserve. The funding and interest earned in the reserve must be spent on approved projects.

#### Infrastructure Programs

These programs relate to various capital grants that are required to be spent on infrastructure. Until the funding has been spent on infrastructure it has not been earned and therefore, has been deferred.

#### Parks

The Municipality charges a fee to sever land. The Ministry of Municipal Affairs and Housing requires this revenue to be put into a reserve and spending is restricted to park maintenance and capital.

### 4. Net Long-term Debt

Net long-term debt reported on the consolidated statement of financial position is comprised of the following:

	2021	2020
Ministry of Agriculture, Food and Rural Affairs, interest at 6.0%, repayable in annual instalments of \$6,793 principal and interest, maturing August 1, 2028.	\$ 37,923	\$ 42,185
Ministry of Agriculture, Food and Rural Affairs, interest at 6.0%, repayable in annual instalments of \$6,793 principal and interest, maturing October 1, 2029.	42,186	46,207
	\$ 80,109	\$ 88,392

The above loans were advanced to the Municipality under the Ontario Tile Loan Program. The Municipality has advanced a corresponding amount to landowners (Note 2).

Principal repayments relating to net long-term debt of \$80,109 outstanding are due as follows:

Year	Principal Repayments
2022	\$ 8,780
2023	9,307
2024	9,866
2025	10,457
2026	11,085
Thereafter	30,614
	\$ 80,109

The gross interest paid relating to the above long-term debt was \$5,304 (2020 - \$5,772).

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## The Corporation of the Township of Dawson Notes to Consolidated Financial Statements

December 31, 2021

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### 5. Solid Waste Closure and Post-Closure Liabilities

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 Municipality'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 \$371 (2020 - \$342) and reflects a discount rate of 8.0% (2020 - 8.0%).

The liability is based on estimates and assumptions related to events extending over the remaining life of the landfill. The Blue landfill is expected to reach its capacity in 133 years and the estimated remaining capacity is 15,458 cubic metres which is 77% (2020 - 78%) of the site's total capacity. The total undiscounted estimated future expenditures for closure and post-closure care are \$195,000 (2020 - \$195,000) leaving an amount to be recognized of \$194,999 (2020 - \$194,999). The estimated length of time needed for post-closure care is 25 years.

The Worthington landfill is expected to reach its capacity in 93 years and the estimated remaining capacity is 34,860 cubic metres which is 70% (2020 - 70%) of the site's total capacity. The total undiscounted estimated future expenditures for closure and post-closure care are \$342,672 (2020 - \$342,672) leaving an amount to be recognized of \$342,252 (2020 - \$342,385). The estimated length of time needed for post-closure care is 23 years.

The Municipality has an investment relating to the landfill liabilities, which has a value of \$52,341 (2020 - \$52,074). The landfill liabilities are fully funded.



**The Corporation of the Township of Dawson  
Notes to Consolidated Financial Statements**

December 31, 2021

**6. Tangible Capital Assets**

							2021	
	Land	Buildings	Equipment	Roads and bridges	Water and other utility systems	Vehicles	Culverts	Total
Cost, beginning of year	\$ 69,130	\$ 573,249	\$ 899,907	\$ 3,444,384	\$ 34,071	\$ 532,581	\$ 1,471,233	\$ 7,024,555
Additions	-	-	319,250	112,165	-	-	38,869	470,284
Disposals	-	-	-	-	-	-	-	-
Cost, end of year	69,130	573,249	1,219,157	3,556,549	34,071	532,581	1,510,102	7,494,839
Accumulated amortization, beginning of year	2,510	271,924	496,710	1,981,934	13,286	385,079	637,660	3,789,103
Amortization	387	10,290	36,171	112,804	1,159	23,226	37,314	221,351
Disposals	-	-	-	-	-	-	-	-
Accumulated amortization, end of year	2,897	282,214	532,881	2,094,738	14,445	408,305	674,974	4,010,454
Net carrying amount, end of year	\$ 66,233	\$ 291,035	\$ 686,276	\$ 1,461,811	\$ 19,626	\$ 124,276	\$ 835,128	\$ 3,484,385

The net book value of tangible capital assets not being amortized because they are under construction is \$2,900 (2020 - \$NIL). These items are recognized separately as tangible capital assets under construction in the consolidated statement of financial position.

**The Corporation of the Township of Dawson  
Notes to Consolidated Financial Statements**

December 31, 2021

							2020		
6. Tangible Capital Assets (continued)									
		Land	Buildings Equipment	Roads and bridges	Water and other utility systems	Vehicles	Culverts	Total	
Cost, beginning of year	\$	69,130	\$ 538,146	\$ 876,348	\$ 3,621,917	\$ 34,071	\$ 532,581	\$ 935,657	\$ 6,607,850
Additions		-	35,103	23,559	42,154	-	-	567,535	668,351
Disposals		-	-	-	(219,687)	-	-	(31,959)	(251,646)
Cost, end of year		69,130	573,249	899,907	3,444,384	34,071	532,581	1,471,233	7,024,555
Accumulated amortization, beginning of year		2,124	261,988	466,455	2,091,471	12,125	360,858	638,325	3,833,346
Amortization		386	9,936	30,255	110,150	1,161	24,221	29,816	205,925
Disposals		-	-	-	(219,687)	-	-	(30,481)	(250,168)
Accumulated amortization, end of year		2,510	271,924	496,710	1,981,934	13,286	385,079	637,660	3,789,103
Net carrying amount, end of year	\$	66,620	\$ 301,325	\$ 403,197	\$ 1,462,450	\$ 20,785	\$ 147,502	\$ 833,573	\$ 3,235,452

## The Corporation of the Township of Dawson Notes to Consolidated Financial Statements

December 31, 2021

### 7. Accumulated Surplus

The Municipality segregates its accumulated surplus in the following categories:

	2021	2020
<u>Investment in tangible capital assets</u>		
Tangible capital assets	\$ 3,484,385	\$ 3,235,452
Investment in tangible capital assets under construction	2,900	-
Total investment in tangible capital assets	3,487,285	3,235,452
<u>Current operations</u>		
General operating	472,862	576,171
Government partnership	12,046	13,641
Total operating surplus	484,908	589,812
<u>Other allocated deficits</u>		
Landfill closure	(371)	(342)
<u>Reserve funds</u>		
Replacement of equipment	608,954	556,100
Landfill closures	52,341	52,074
Total reserve funds	661,295	608,174
Working capital reserve	107,000	107,000
Total surplus	\$ 4,740,117	\$ 4,540,096

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

Reserve funds represent funds set aside by by-law or Council resolution for specific purposes.

## The Corporation of the Township of Dawson Notes to Consolidated Financial Statements

December 31, 2021

### 8. Other Income

	2021	2020
Loss on sale of tangible capital assets	\$ -	\$ (1,480)
Commuted payments (drainage charges)	21,531	51,522
Donations and fundraising	233	233
	\$ 21,764	\$ 50,275

### 9. Government Transfers - Provincial

	2021	2020
<b>Operating</b>		
Ontario Municipal Partnership Fund	\$ 499,500	\$ 506,800
Ontario Cannabis Grant	5,000	-
Ministry of Rural Affairs - Drainage Program	10,693	16,259
Public Library Operating Grant	1,644	1,644
Ministry of Agriculture - Livestock Grants	988	4,278
Court Cost Grant	593	756
Ministry of Municipal Affairs and Housing - COVID-19	21,670	61,000
<b>Total operating transfers</b>	<b>540,088</b>	<b>590,737</b>
<b>Tangible capital assets</b>		
Ministry of Agriculture, Food and Rural Affairs - ICIP	1,566	180,156
Ministry of Rural Affairs - Capacity Funding	100,000	-
Ontario Main Street	-	18,370
<b>Total tangible capital assets</b>	<b>101,566</b>	<b>198,526</b>
<b>Total provincial transfers</b>	<b>\$ 641,654</b>	<b>\$ 789,263</b>

### 10. Government Transfers - Federal

	2021	2020
<b>Tangible capital assets</b>		
Ministry of Agriculture, Food and Rural Affairs - ICIP	\$ 2,820	\$ 324,313
Federal Gas Tax	24,116	-
<b>Total federal transfers</b>	<b>\$ 26,936</b>	<b>\$ 324,313</b>

## The Corporation of the Township of Dawson Notes to Consolidated Financial Statements

December 31, 2021

### 11. Government Partnership

On July 11, 2011, the Municipality entered into an agreement with three other communities to jointly construct and maintain housing for locum physicians and medical students. All revenues and costs related to the development and operations will be shared based on each community's financial contribution to the project. Upon entering into the agreement, each community made a \$25,000 refundable contribution leaving each community with a 25% proportional interest.

In September 2015, one of the member communities withdrew from the partnership and was refunded their original \$25,000 member contribution. For each of the remaining three member communities, the exit of this partner resulted in an increase in their proportionate interest of the partnership to 33.33%.

	2021		2020	
	Total	Municipality Portion	Total	Municipality Portion
Financial assets	\$ 48,476	\$ 16,158	\$ 43,823	\$ 14,607
Financial liabilities	75,000	25,000	75,318	25,106
Net financial assets (debt)	(26,524)	(8,842)	(31,495)	(10,499)
Non-financial assets	399,384	133,128	405,353	135,118
Accumulated surplus	<b>\$ 372,860</b>	<b>\$ 124,286</b>	<b>\$ 373,858</b>	<b>\$ 124,619</b>

	2021		2020	
	Total	Municipality Portion	Total	Municipality Portion
Revenue	\$ 16,380	\$ 5,460	\$ 16,442	\$ 5,480
Expenses	17,378	5,793	25,012	8,337
Annual surplus (debt)	(998)	(333)	(8,570)	(2,857)
Accumulated surplus, beginning of year	373,858	124,619	382,428	127,476
Accumulated surplus, end of year	<b>\$ 372,860</b>	<b>\$ 124,286</b>	<b>\$ 373,858</b>	<b>\$ 124,619</b>

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## The Corporation of the Township of Dawson Notes to Consolidated Financial Statements

December 31, 2021

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### 12. Expenses by Object

	2021	2020
Salaries, wages and employee benefits	\$ 315,097	\$ 299,425
Materials	213,008	206,508
Contracted services	166,778	260,596
Rent and financial expenses	55,356	62,673
Contributions to other Organizations	211,555	197,898
Amortization	221,351	205,925
Interest on long-term debt	5,304	5,477
	<u>\$ 1,188,449</u>	<u>\$ 1,238,502</u>

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### 13. Contingent Liability

The Municipality was formerly a member of a reciprocal insurance Company licensed under the Insurance Act. In the event that a claim is experienced relating to the period that the Municipality was a member of the Company, they may be required to pay additional premiums or losses related to the event. Should any premium demands or losses occur, such losses will be recognized in the year of resolution or settlement of the claim.

The reciprocal insurance Company is in runoff with an expected wind-up date subsequent to December 31, 2022. If a surplus exists in the Company at the time of wind-up, it will be returned to the former members. Should any surplus be returned to the Municipality, it will be recognized in the year it is received.

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### 14. Pension Agreement

The Municipality makes contributions to the Ontario Municipal Employees' Retirement System (OMERS), a multi-employer plan, on behalf of two members of its staff. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. Employees and employers contribute jointly to the plan.

Because OMERS is a multi-employer pension plan, any pension plan surpluses or deficits are a joint responsibility of the Ontario municipal Organizations and their employees. As a result, the Municipality does not recognize any share of the OMERS pension surplus or deficit. The amount contributed to OMERS for 2021 was \$20,488 (2020 - \$20,318) for current service. The OMERS Board rate was 9.0% to 14.6% depending on income level for 2021 (2020 - 9.0% to 14.6% depending on income level).

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## The Corporation of the Township of Dawson Notes to Consolidated Financial Statements

December 31, 2021

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### 15. Commitments

#### *Locum Housing*

The Municipality has entered into an agreement with two other Organizations to construct housing for locum doctors in the Town of Rainy River. In the event that insufficient grants, contributions, donations or fundraising proceeds are available to cover the costs of the construction and furnishings of the housing, the parties to the agreement have agreed to provide the necessary funds to complete the project by way of repayable loans, bearing interest at prime up to the maximum set by the committee.

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### 16. Operations of School Boards

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

	<u>2021</u>	<u>2020</u>
School boards	<u>\$ 111,244</u>	<u>\$ 112,166</u>

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### 17. Trust Fund

The Trust Fund administered by the Municipality amounting to \$27,270 (2020 - \$26,720) has not been included in the consolidated statement of financial position nor has the operation been included in the consolidated statement of operations.

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### 18. Contributions to Unconsolidated Boards

The following contributions were made by the Municipality to these boards:

	<u>2021</u>	<u>2020</u>
Northwestern Health Unit	<u>\$ 23,793</u>	<u>\$ 25,008</u>
Rainy River District Social Services Administration Board	<u>165,673</u>	<u>160,468</u>
	<u>\$ 189,466</u>	<u>\$ 185,476</u>

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# The Corporation of the Township of Dawson Notes to Consolidated Financial Statements

**December 31, 2021**

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## **19. Uncertainty Due to COVID-19**

As the impact of COVID-19 continues, there could be further impact on the Municipality, its citizens, employees, suppliers and other third party business associates that could impact the timing and amounts realized on the Municipality's assets and future ability to deliver services and projects. At this time, the full potential impact of COVID-19 on the Municipality is not known. Although the disruption from the virus is expected to be temporary, given the dynamic nature of these circumstances, the duration of disruption and the related financial impact cannot be reasonably estimated at this time. The Municipality's ability to continue delivering non-essential services and employ related staff, will depend on the legislative mandates from the various levels of government. The Municipality will continue to focus on collecting revenues, managing expenditures and leveraging existing reserves and available credit facilities to ensure it is able to continue providing essential services to its citizens.

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## **20. Segmented Information**

The Corporation of the Township of Dawson is a diversified municipal government institution that provides a wide range of services to its citizens. The management of the Municipality considers decisions based on separate service areas. These service areas are: general government, protection services, transportation services, environmental services, health services, social and family services, social housing, recreation and cultural services and planning and development.

Descriptions of the services and funds that management bases their decisions on are as follows:

### **General Government**

General government consists of governance, Corporate management and program support. These categories relate to operations of all of the various programs and services that the Municipality offers to its citizens.

### **Protection Services**

Protection is comprised of police service and fire protection. Police service is contracted out to the Ontario Provincial Police. The fire department is responsible to provide fire suppression service, fire prevention programs, training and education related to prevention, detection or extinguishment of fires. The members of the fire department consist of volunteers.

### **Transportation Services**

The transportation services area provides construction and maintenance of roadways throughout the Municipality.



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## The Corporation of the Township of Dawson Notes to Consolidated Financial Statements

December 31, 2021

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### 20. Segmented Information (continued)

#### **Environmental Services**

Environmental services consists of maintenance of the two waste disposal facilities located within the municipal borders.

#### **Health Services**

Health services are comprised of public health services and ambulance service. The Municipality contributes to local boards which provide these services to the citizens of the Municipality.

#### **Social and Family Services**

Social and family services are comprised of general assistance, childcare and assistance to the aged. The Municipality contributes to local boards which provide these services to the citizens of the Municipality.

#### **Social Housing**

The Municipality contributes to a local board, which provides social housing if the citizens of the Corporation of the Township of Dawson require the service.

#### **Recreation and Cultural Services**

This service area consists of various small recreation programs. Also, the Municipality contributes to the library board of another Municipality in order to ensure a library is available to the citizens of the Municipality.

#### **Planning and Development**

This service relates to zoning issues as well as planning of various municipal maintenance projects.

# The Corporation of the Township of Dawson

## Notes to Consolidated Financial Statements

December 31, 2021

### 20. Segmented Information (continued)

For the year ended December 31	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Social and			Recreation and Cultural Services	Planning and Development	2021 Total
						Family Services	Social Housing	Services			
<b>Revenue</b>											
Taxation	\$ 57,972	\$ 59,693	\$ 314,497	\$ 26,019	\$ 49,613	\$ 31,820	\$ 27,570	\$ 11,591	\$ 820	\$ 579,545	
Fees and user charges	-	24,994	-	1,367	5,390	-	-	-	5,454	37,205	
Conditional grants	-	29,817	100,000	-	-	-	-	-	37,629	169,090	
Unconditional grants	49,922	51,449	271,059	22,425	42,761	27,425	23,762	9,990	707	499,500	
Municipal grants	-	31,529	22,938	-	-	-	-	-	-	54,467	
Committed	-	-	-	-	-	-	-	-	-	-	
payments	-	-	-	-	-	-	-	-	21,531	21,531	
Other	17,289	6,398	2,651	267	527	-	-	-	-	27,132	
	125,133	203,880	711,145	50,078	98,291	59,245	51,332	23,225	66,141	1,388,470	
<b>Expenses</b>											
Wages and benefits	90,238	14,509	182,457	21,653	1,254	-	-	4,986	-	315,097	
Materials	6,751	25,640	178,395	-	1,950	-	-	272	-	213,008	
Contracted services	20,949	91,854	16,360	-	854	-	-	6,550	30,211	166,778	
Rent and financial	17,296	7,353	15,460	7,337	1,724	-	-	6,186	-	55,356	
External transfers	-	-	-	-	133,341	10,868	60,256	-	7,090	211,555	
Amortization	839	14,768	201,333	-	1,990	-	-	2,421	5,304	221,351	
Long-term interest	-	-	-	-	-	-	-	-	-	5,304	
	136,073	154,124	594,005	28,990	141,113	10,868	60,256	20,415	42,605	1,188,449	
<b>Net surplus (deficit)</b>	\$ (10,940)	\$ 49,756	\$ 117,140	\$ 21,088	\$ (42,822)	\$ 48,377	\$ (8,924)	\$ 2,810	\$ 23,536	\$ 200,021	

# The Corporation of the Township of Dawson

## Notes to Consolidated Financial Statements

December 31, 2021

### 20. Segmented Information (continued)

For the year ended December 31	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Family Services	Social and Social Housing	Recreation and Cultural Services	Planning and Development	2020 Total
<b>Revenue</b>										
Taxation	\$ 56,938	\$ 58,678	\$ 309,146	\$ 25,576	\$ 48,769	\$ 31,279	\$ 27,101	\$ 11,394	\$ 805	\$ 569,686
Fees and user charges	-	-	-	370	5,415	-	-	-	5,926	11,711
Conditional grants	-	185,190	-	-	-	-	-	20,014	340,572	545,776
Unconditional grants	56,748	58,483	308,123	25,491	48,608	31,175	27,011	11,356	805	567,800
Municipal grants	-	-	25,945	-	-	-	-	-	-	25,945
Committed payments	(1,480)	-	-	-	-	-	-	-	51,522	50,042
Other	14,722	2,454	6,399	714	1,037	-	-	-	-	25,326
	126,928	304,805	649,613	52,151	103,829	62,454	54,112	42,764	399,630	1,796,286
<b>Expenses</b>										
Wages and benefits	88,827	13,020	169,868	21,519	1,375	-	-	4,816	-	299,425
Materials	7,543	32,574	163,315	-	2,825	-	-	251	-	206,508
Contracted services	21,226	110,413	35,441	-	854	-	-	6,359	86,303	260,596
Rent and financial	19,401	6,524	9,628	10,563	3,394	-	-	13,163	-	62,673
External transfers	-	-	-	-	120,511	11,591	58,374	-	7,422	197,898
Amortization	127	13,946	187,857	-	1,990	-	-	2,005	-	205,925
Long-term interest	-	-	-	-	-	-	-	-	5,477	5,477
	137,124	176,477	566,109	32,082	130,949	11,591	58,374	26,594	99,202	1,238,502
<b>Net surplus (deficit)</b>	\$ (10,196)	\$ 128,328	\$ 83,504	\$ 20,069	\$ (27,120)	\$ 50,863	\$ (4,262)	\$ 16,170	\$ 300,428	\$ 557,784

For each reported segment, revenues and expenditures represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Therefore, certain allocation methodologies are employed in the preparation of segmented financial information. Taxation, payments-in-lieu of taxes, certain government grants and other revenue have been apportioned based on a percentage of budgeted expenditures.

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## Independent Auditor's Report

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

#### Opinion

We have audited the financial statements of the Corporation of the Township of Dawson Trust Fund (the Entity), which comprise the Balance Sheet as at December 31, 2021, and the Statement of Continuity for the year then ended, and Notes to 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 Entity as at December 31, 2021, and the continuity thereof, in accordance with the basis of accounting as described in Note 1.

#### 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 Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Basis of Accounting and Restrictions on Use

Without modifying our opinion, we draw attention to Note 1 to the financial statements which describes the basis of accounting. The financial statements are prepared to assist the Corporation of the Township of Dawson to comply with the reporting requirements of the Bereavement Authority of Ontario. As a result, the financial statements may not be suitable for another purpose. Our report is intended solely for the management of the Corporation of the Township of Dawson and the Bereavement Authority of Ontario and should not be used by parties other than the management of the Corporation of the Township of Dawson and the Bereavement Authority of Ontario.

#### 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 the basis of accounting as described in Note 1, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.



### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of 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 Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity 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

Fort Frances, Ontario  
February 2, 2022

**The Corporation of the Township of Dawson  
Trust Fund - Cemetery Perpetual Care  
Balance Sheet**

December 31	2021	2020
<b>Assets</b>		
Cash	\$ 27,270	\$ 26,720
<b>Liabilities</b>		
Balance - capital	\$ 27,270	\$ 26,720

**The Corporation of the Township of Dawson  
Trust Fund - Cemetery Perpetual Care  
Statement of Continuity**

December 31	2021	2020
Balance, beginning of year	\$ 26,720	\$ 26,720
<b>Revenue</b>		
Care and maintenance fee	550	-
Interest earned	294	804
	<u>844</u>	<u>804</u>
<b>Expenditure</b>		
Administration fees	294	804
Balance, end of year	\$ 27,270	\$ 26,720

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# The Corporation of the Township of Dawson Trust Fund - Cemetery Perpetual Care Notes to Financial Statements

December 31, 2021

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## 1. Summary of Significant Accounting Policies

<b>Management's Responsibility</b>	The financial statements of the Corporation of the Township of Dawson Trust Fund are the representation of management and have been prepared in accordance with accrual based accounting principles. Precise determination of some assets and liabilities may be dependent upon future events and estimates and approximations. These estimates and approximations have been based upon the available information, using careful judgement and review.
<b>Accrual Basis of Accounting</b>	Sources of financing and expenditures are reported on the accrual basis of accounting.  The accrual basis of accounting recognizes revenues as they become available and measurable; expenditures are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

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## 2. Nature of Trust Fund

The Cemetery Perpetual Care Trust Fund was established in accordance with the Cemeteries Act for the care and maintenance of certain cemetery grounds.

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## 3. Statement of Changes in Cash Flows

A statement of changes in cash flows has not been provided since the sources and uses of cash are readily apparent from the information included in the financial statements.