

**The Corporation of the Township of
Dawson**
Consolidated Financial Statements
For the year ended December 31, 2020

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

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

Independent Auditor's Report

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, 2020, 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, 2020, 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 3, 2021

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

December 31	2020	2019
Financial assets		
Cash and cash equivalents	\$ 54,200	\$ 70,554
Taxes receivable	69,908	43,971
Accounts receivable	576,056	161,279
Investments (Note 1)	821,379	1,061,954
Loans receivable (Note 2)	88,392	96,207
	1,609,935	1,433,965
Liabilities		
Accounts payable and accrued liabilities	26,781	31,598
Deferred revenue (Note 3)	260,062	197,415
Net long-term debt (Note 4)	88,392	96,207
Solid waste closure and post-closure liabilities (Note 5)	342	314
	375,577	325,534
Net financial assets	1,234,358	1,108,431
Non-financial assets		
Tangible capital assets (Note 6)	3,235,452	2,774,504
Prepaid expenses	11,309	10,252
Inventory of supplies	58,977	63,584
Tangible capital assets under construction (Note 6)	-	25,541
	3,305,738	2,873,881
Accumulated surplus (Note 7)	\$ 4,540,096	\$ 3,982,312

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 2020	2020	2019
Revenue			
Taxation	\$ 566,412	\$ 569,685	\$ 524,708
Government transfers - Federal (Note 10)	565,151	324,313	25,431
Government transfers - Provincial (Note 9)	800,598	789,263	832,335
User fees and service charges	9,372	6,572	6,921
Permits, licenses and fines	21,253	16,585	38,472
Investment income	22,785	13,648	22,483
Municipal grants	21,500	25,945	42,423
Other income (Note 8)	18,911	50,275	14,676
	2,025,982	1,796,286	1,507,449
Expenses			
General government	139,982	137,124	139,645
Protection services	159,097	176,477	143,834
Transportation services	589,405	566,109	616,743
Environmental services	32,633	32,082	33,750
Health services	125,897	130,949	119,896
Social and family services	11,591	11,591	11,255
Social housing	58,375	58,374	59,515
Recreation and cultural services	20,240	26,594	19,790
Planning and development	24,745	99,202	66,137
	1,161,965	1,238,502	1,210,565
Annual surplus	864,017	557,784	296,884
Accumulated surplus, beginning of year	3,982,312	3,982,312	3,685,428
Accumulated surplus, end of year	\$ 4,846,329	\$ 4,540,096	\$ 3,982,312

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

For the year ended December 31	Budget 2020	2020	2019
Annual surplus	\$ 864,017	\$ 557,784	\$ 296,884
Acquisition of tangible capital assets	(757,119)	(642,810)	(272,487)
Amortization of tangible capital assets	196,949	205,925	198,006
Proceeds on sale of tangible capital assets	-	1,479	4,500
	<u>303,847</u>	<u>122,378</u>	<u>226,903</u>
Acquisition of prepaid expenses and inventory of supplies	-	3,549	(63,831)
	<u>303,847</u>	<u>125,927</u>	<u>163,072</u>
Net change in net financial assets	303,847	125,927	163,072
Net financial assets, beginning of year	<u>1,108,431</u>	<u>1,108,431</u>	<u>945,359</u>
Net financial assets, end of year	\$ 1,412,278	\$ 1,234,358	\$ 1,108,431

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

For the year ended December 31	2020	2019
Operating transactions		
Annual surplus	\$ 557,784	\$ 296,884
Item not involving cash		
Amortization	205,925	198,006
Changes in non-cash operating balances		
Taxes receivable	(25,938)	12,802
Accounts receivable	(414,777)	(8,393)
Prepaid expenses and inventory of supplies	3,549	(63,831)
Accounts payable and accrued liabilities	(4,816)	7,864
Deferred revenue	62,647	48,543
Solid waste closure and post-closure liabilities	28	26
	<u>384,402</u>	<u>491,901</u>
Capital transactions		
Acquisition of tangible capital assets	(642,810)	(272,487)
Proceeds on sale of tangible capital assets	1,479	4,500
	<u>(641,331)</u>	<u>(267,987)</u>
Investing transactions		
Disposal (acquisition) of investments	240,575	(249,470)
Advance of loan receivable	(46,207)	(50,000)
	<u>194,368</u>	<u>(299,470)</u>
Financing transactions		
Proceeds from issuance of long-term debt	46,207	50,000
Net change in cash and cash equivalents	(16,354)	(25,556)
Cash and cash equivalents, beginning of year	<u>70,554</u>	<u>96,110</u>
Cash and cash equivalents, end of year	\$ 54,200	\$ 70,554
Cash and cash equivalents consist of:		
Cash and cash equivalents	<u>\$ 54,200</u>	<u>\$ 70,554</u>

The Corporation of the Township of Dawson

Summary of Significant Accounting Policies

December 31, 2020

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.

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

December 31, 2020

**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.

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

December 31, 2020

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.

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

December 31, 2020

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, 2020

1. Investments

	2020	2019
Bonds	\$ 3,143	\$ 3,035
High interest savings	699,626	1,058,919
Capital grant receivable	118,610	-
	\$ 821,379	\$ 1,061,954

The income from investments for the year was \$14,365 (2019 - \$24,878). The investments are classified as portfolio investments and are recorded at cost. Investments in high interest savings accounts earn interest at 0.915% (2019 - 2.415%). The market value of the Municipality's investments in bonds was \$3,143 (2019 - \$3,032).

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).

	2020	2019
Due from landowners with interest at 6.0%, repayable in annual instalments of \$6,793 principal and interest, maturing August 1, 2028.	\$ 42,185	\$ 46,207
Due from landowners with interest at 6.0%, repayable in annual instalments of \$6,793 principal and interest, maturing October 1, 2029.	46,207	50,000
Total loans receivable	\$ 88,392	\$ 96,207

3. Deferred Revenue

	Opening balance	Contributions received	Externally restricted investment income	Revenue recognized	Ending balance
Federal gas tax	\$ 163,945	\$ 28,395	\$ 2,412	\$ -	\$ 194,752
Infrastructure programs	-	50,000	-	-	50,000
Parks	15,100	-	210	-	15,310
Ontario's Main Street Revitalization Initiative	18,370	-	-	(18,370)	-
	\$ 197,415	\$ 78,395	\$ 2,622	\$ (18,370)	\$ 260,062

The Corporation of the Township of Dawson

Notes to Consolidated Financial Statements

December 31, 2020

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:

	2020	2019
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.	\$ 42,185	\$ 46,207
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.	46,207	50,000
	\$ 88,392	\$ 96,207

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 \$88,392 outstanding are due as follows:

Year	Principal Repayments
2021	\$ 8,283
2022	8,780
2023	9,307
2024	9,866
2025	10,457
Thereafter	41,699
	\$ 88,392

The gross interest paid relating to the above long-term debt was \$5,772 (2019 - \$3,000).

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

December 31, 2020

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 \$342 (2019 - \$314) and reflects a discount rate of 8.0% (2019 - 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 15,777 cubic metres which is 78% (2019 - 79%) of the site's total capacity. The total undiscounted estimated future expenditures for closure and post-closure care are \$195,000 (2019 - \$195,000) leaving an amount to be recognized of \$194,999 (2019 - \$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 35,240 cubic metres which is 70% (2019 - 71%) of the site's total capacity. The total undiscounted estimated future expenditures for closure and post-closure care are \$342,672 (2019 - \$342,672) leaving an amount to be recognized of \$342,252 (2019 - \$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 \$52,074 (2019 - \$51,360). The landfill liabilities are fully funded.

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

December 31, 2020

6. Tangible Capital Assets	2020							
	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 net book value of tangible capital assets not being amortized because they are under construction is \$NIL (2019 - \$25,541). 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, 2020

6. Tangible Capital Assets (continued)							2019	
	Land	Buildings	Equipment	Roads and bridges	Water and other utility systems	Vehicles	Culverts	Total
Cost, beginning of year	\$ 65,678	\$ 538,146	\$ 877,447	\$ 3,435,264	\$ 34,071	\$ 494,511	\$ 935,657	\$ 6,380,774
Additions	3,452	-	18,771	186,653	-	38,070	-	246,946
Disposals	-	-	(19,870)	-	-	-	-	(19,870)
Cost, end of year	69,130	538,146	876,348	3,621,917	34,071	532,581	935,657	6,607,850
Accumulated amortization, beginning of year	1,738	252,402	447,935	1,985,164	10,966	337,549	614,956	3,650,710
Amortization	386	9,586	33,890	106,307	1,159	23,309	23,369	198,006
Disposals	-	-	(15,370)	-	-	-	-	(15,370)
Accumulated amortization, end of year	2,124	261,988	466,455	2,091,471	12,125	360,858	638,325	3,833,346
Net carrying amount, end of year	\$ 67,006	\$ 276,158	\$ 409,893	\$ 1,530,446	\$ 21,946	\$ 171,723	\$ 297,332	\$ 2,774,504

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

December 31, 2020

7. Accumulated Surplus

The Municipality segregates its accumulated surplus in the following categories:

	2020	2019
<u>Investment in tangible capital assets</u>		
Tangible capital assets	\$ 3,235,452	\$ 2,774,504
Investment in tangible capital assets under construction	-	25,541
Total investment in tangible capital assets	3,235,452	2,800,045
<u>Current operations</u>		
General operating	576,171	511,684
Government partnership	13,641	13,378
Total operating surplus	589,812	525,062
<u>Other allocated deficits</u>		
Landfill closure	(342)	(314)
<u>Reserve funds</u>		
Replacement of equipment	556,100	499,159
Landfill closures	52,074	51,360
Total reserve funds	608,174	550,519
Working capital reserve	107,000	107,000
Total surplus	\$ 4,540,096	\$ 3,982,312

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, 2020

8. Other Income

	2020	2019
Loss on sale of capital assets	\$ (1,480)	\$ -
Commuted payments (drainage charges)	51,522	14,438
Donations and fundraising	233	238
	\$ 50,275	\$ 14,676

9. Government Transfers - Provincial

	2020	2019
Operating		
Ontario Municipal Partnership Fund	\$ 506,800	\$ 514,200
Ontario Modernization Grant	-	173,530
Ontario Cannabis Grant	-	15,000
Ministry of Rural Affairs - Drainage Program	16,259	11,648
Public Library Operating Grant	1,644	1,644
Ministry of Agriculture - Livestock Grants	4,278	2,786
Court Cost Grant	756	904
Ministry of Municipal Affairs and Housing - COVID-19	61,000	-
Clean Water and Wastewater Fund	-	4,863
Total operating transfers	590,737	724,575
Tangible capital assets		
Ministry of Agriculture, Food and Rural Affairs - ICIP	180,156	-
Ministry of Rural Affairs - Capacity Funding	-	50,000
Ontario Main Street	18,370	38,070
Ontario Modernization Funding	-	19,690
Total tangible capital assets	198,526	107,760
Total provincial transfers	\$ 789,263	\$ 832,335

10. Government Transfers - Federal

	2020	2019
Tangible capital assets		
Ministry of Agriculture, Food and Rural Affairs - ICIP	\$ 324,313	\$ -
Clean Water and Wastewater Fund	-	9,727
FCM	-	15,704
Total federal transfers	\$ 324,313	\$ 25,431

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

December 31, 2020

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%.

	2020		2019	
	Total	Municipality Portion	Total	Municipality Portion
Financial assets	\$ 43,823	\$ 14,607	\$ 47,216	\$ 15,739
Financial liabilities	75,318	25,106	76,110	25,370
Net financial assets (debt)	(31,495)	(10,499)	(28,894)	(9,631)
Non-financial assets	405,353	135,118	411,322	137,107
Accumulated surplus	\$ 373,858	\$ 124,619	\$ 382,428	\$ 127,476

	2020		2019	
	Total	Municipality Portion	Total	Municipality Portion
Revenue	\$ 16,442	\$ 5,480	\$ 16,005	\$ 5,335
Expenses	25,012	8,337	20,272	6,758
Annual surplus (debt)	(8,570)	(2,857)	(4,267)	(1,423)
Accumulated surplus, beginning of year	382,428	127,476	386,695	128,899
Accumulated surplus, end of year	\$ 373,858	\$ 124,619	\$ 382,428	\$ 127,476

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

December 31, 2020

12. Expenses by Object

	2020	2019
Salaries, wages and employee benefits	\$ 299,425	\$ 299,196
Materials	206,508	261,690
Contracted services	260,596	205,850
Rent and financial expenses	62,673	53,283
Contributions to other Organizations	197,898	189,540
Amortization	205,925	198,006
Interest on long-term debt	5,477	3,000
	<u>\$ 1,238,502</u>	<u>\$ 1,210,565</u>

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 loss 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.

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 2020 was \$20,318 (2019 - \$19,630) for current service. The OMERS Board rate was 9.0% to 14.6% depending on income level for 2020 (2019 - 9.0% to 14.6% depending on income level).

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

December 31, 2020

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.

16. Operations of School Boards

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

	2020	2019
School boards	\$ 112,166	\$ 112,154

17. Trust Fund

The Trust Fund administered by the Municipality amounting to \$26,720 (2019 - \$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.

18. Contributions to Unconsolidated Boards

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

	2020	2019
Northwestern Health Unit	\$ 25,008	\$ 25,008
Rainy River District Social Services Administration Board	160,468	157,059
	<u>\$ 185,476</u>	<u>\$ 182,067</u>

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

December 31, 2020

19. Subsequent Events

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 and available credit facilities to ensure it is able to continue providing essential services to its citizens.

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.

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

December 31, 2020

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, 2020

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 Services	Social Housing	Recreation and Cultural Services	Planning and Development	2020 Total
Revenue											
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	
Commuted 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	
Expenses											
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	
Net surplus (deficit)	\$ (10,196)	\$ 128,328	\$ 83,504	\$ 20,069	\$ (27,120)	\$ 50,863	\$ (4,262)	\$ 16,170	\$ 300,428	\$ 557,784	

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

December 31, 2020

20. Segmented Information (continued)

For the year ended December 31	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Family Services	Social and Services	Social Housing	Recreation and Cultural Services	Planning and Development	2019 Total
Revenue											
Taxation	\$ 52,442	\$ 54,045	\$ 284,738	\$ 23,557	\$ 44,919	\$ 28,809	\$ 24,961	\$ 10,494	\$ 743	\$ 524,708	
Fees and user charges	-	-	-	2,746	5,302	-	-	-	-	3,900	11,948
Conditional grants	-	18,690	277,304	-	-	-	-	21,334	26,239	-	343,567
Unconditional grants	51,391	52,963	279,036	23,085	44,019	28,232	24,462	10,284	728	514,200	
Municipal grants	-	-	42,422	-	-	-	-	-	-	-	42,422
Committed payments	-	-	-	-	-	-	-	-	-	14,438	14,438
Other	40,622	3,373	9,962	1,248	961	-	-	-	-	-	56,166
	144,455	129,071	893,462	50,636	95,201	57,041	49,423	42,112	46,048	1,507,449	
Expenses											
Wages and benefits	92,705	12,011	167,374	20,828	1,117	-	-	5,161	-	-	299,196
Materials	10,350	18,860	228,098	-	3,699	-	-	487	196	-	261,690
Contracted services	21,006	92,900	29,104	-	974	-	-	6,398	55,468	-	205,850
Rent and financial	15,457	6,063	12,915	11,877	820	-	-	6,151	-	-	53,283
External transfers	-	-	-	-	111,297	11,255	59,515	-	7,473	-	189,540
Amortization	127	14,000	179,251	1,045	1,990	-	-	1,593	-	-	198,006
Long-term interest	-	-	-	-	-	-	-	-	3,000	-	3,000
	139,645	143,834	616,742	33,750	119,897	11,255	59,515	19,790	66,137	1,210,565	
Net surplus (deficit)	\$ 4,810	\$ (14,763)	\$ 276,720	\$ 16,886	\$ (24,696)	\$ 45,786	\$ (10,092)	\$ 22,322	\$ (20,089)	\$ 296,884	

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.

Independent Auditor's Report

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, 2020, 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, 2020, 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 3, 2021

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

December 31	2020	2019
Assets		
Cash	\$ 26,720	\$ 26,720
Liabilities		
Balance - capital	\$ 26,720	\$ 26,720

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

December 31	2020	2019
Balance, beginning of year	\$ 26,720	\$ 26,420
Revenue		
Care and maintenance fee	-	300
Interest earned	804	723
	<u>804</u>	<u>1,023</u>
Expenditure		
Administration fees	804	723
Balance, end of year	\$ 26,720	\$ 26,720

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

December 31, 2020

1. Summary of Significant Accounting Policies

Management's Responsibility 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.

Accrual Basis of Accounting 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.

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.

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.