

**The Corporation of the
Township of Dawson
Consolidated Financial Statements
For the year ended December 31, 2024**

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Consolidated Financial Statements
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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 MNP LLP in accordance with Canadian generally accepted auditing standards on behalf of the members. MNP LLP have full and free access to the Council.

_____ Mayor

_____ Clerk-Treasurer

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, which comprise the Consolidated Statement of Financial Position as at December 31, 2024, and the Consolidated Statement of Operations, the Consolidated Statement of Remeasurement Losses, the Consolidated Statement of Change in Net Financial Debt 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 as at December 31, 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

Other Matter

The consolidated financial statement for the year ended December 31, 2023 were audited by another auditor who expressed an unmodified opinion on those statements on April 18, 2024 for the reasons described in the Basis for Opinion paragraph.

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 accounting standards for private enterprises, 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 Municipality'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 Municipality or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Municipality'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 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 Municipality'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 Municipality'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 Municipality 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.

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.

Fort Frances, Ontario

April 1, 2025

MNP LLP

Chartered Professional Accountants

Licensed Public Accountants

MNP

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

December 31	2024	2023
Financial assets		
Cash and cash equivalents (Note 1)	\$ 988,408	\$ 1,638,540
Taxes receivable	80,252	67,332
Accounts receivable	349,003	189,564
Investments (Note 2)	3,243	3,100
Loans receivable (Note 3)	175,048	158,228
	<u>1,595,954</u>	<u>2,056,764</u>
Liabilities		
Accounts payable and accrued liabilities	38,128	55,343
Deferred revenue (Note 4)	275,750	498,214
Long-term debt (Note 5)	175,048	158,228
Asset retirement obligation - landfill (Note 6)	2,409,165	2,338,995
	<u>2,898,091</u>	<u>3,050,780</u>
Net debt	<u>(1,302,137)</u>	<u>(994,016)</u>
Non-financial assets		
Tangible capital assets (Note 7)	4,489,755	3,878,862
Prepaid expenses	15,954	15,259
Inventory of supplies	51,407	136,716
	<u>4,557,116</u>	<u>4,030,837</u>
Accumulated surplus	3,254,979	3,036,821
Accumulated surplus is comprised of:		
Accumulated operating surplus (Note 8)	3,255,008	3,036,993
Accumulated remeasurement losses	(29)	(172)
	<u>\$ 3,254,979</u>	<u>\$ 3,036,821</u>

Contingent liability (Note 14)

Commitments (Note 16)

Mayor

Clerk-Treasurer

The Corporation of the Township of Dawson Consolidated Statement of Operations

For the year ended December 31	Budget 2024	2024	2023
Revenue			
Taxation	\$ 675,247	\$ 686,327	\$ 658,004
Government transfers - Federal (Note 11)	73,800	48,541	7,861
Government transfers - Provincial (Note 10)	1,012,700	940,353	582,906
User fees and service charges	13,016	13,121	10,975
Permits, licenses and fines	19,547	25,256	36,215
Investment income	46,012	68,977	48,164
Municipal grants	21,500	29,925	36,346
Other income (Note 9)	263,663	33,352	121,165
	2,125,485	1,845,852	1,501,636
Expenses			
General government	185,067	136,203	137,753
Protection services	170,349	177,661	171,632
Transportation services	684,405	739,544	624,150
Environmental services	159,384	114,523	111,772
Health services	140,512	143,956	136,893
Social and family services	13,167	13,167	9,316
Social housing	89,718	89,718	79,582
Recreation and cultural services	21,517	23,270	21,168
Planning and development	449,542	189,795	215,890
	1,913,661	1,627,837	1,508,156
Annual surplus (deficit)	211,824	218,015	(6,520)
Accumulated surplus, beginning of year	3,036,993	3,036,993	3,043,513
Accumulated operating surplus, end of year	\$ 3,248,817	\$ 3,255,008	\$ 3,036,993

**The Corporation of the Township of Dawson
Consolidated Statement of Remeasurement Losses**

For the year ended December 31	2024	2023
Accumulated remeasurements losses, beginning of year	\$ (172)	\$ -
Unrealized gains (losses) attributable to:		
Portfolio investments	<u>143</u>	<u>(172)</u>
Accumulated remeasurements losses, end of year	<u>\$ (29)</u>	<u>\$ (172)</u>

The Corporation of the Township of Dawson Consolidated Statement of Change in Net Debt

For the year ended December 31	Budget 2024	2024	2023
Annual surplus (deficit)	\$ 211,824	\$ 218,015	\$ (6,520)
Acquisition of tangible capital assets	(369,464)	(885,284)	(68,451)
Amortization of tangible capital assets	249,877	274,391	258,851
	92,237	(392,878)	183,880
Use (acquisition) of prepaid expenses and inventory of supplies	-	84,614	(84,511)
Net change in net debt excluding net remeasurement losses	92,237	(308,264)	99,369
Net remeasurement losses Portfolio investments	-	143	(172)
Net change in net debt including net remeasurement losses	92,237	(308,121)	99,197
Net debt, beginning of year	(994,016)	(994,016)	(1,093,213)
Net debt, end of year	\$ (901,779)	\$ (1,302,137)	\$ (994,016)

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

For the year ended December 31	2024	2023
Operating transactions		
Annual surplus (deficit)	\$ 218,015	\$ (6,520)
Remeasurement loss	143	(172)
Item not involving cash		
Amortization	274,391	258,851
Changes in non-cash operating balances		
Taxes receivable	(12,920)	(2,059)
Accounts receivable	(159,439)	141,991
Prepaid expenses and inventory of supplies	84,614	(84,511)
Accounts payable and accrued liabilities	(17,215)	(10,378)
Deferred revenue	(222,464)	151,162
Solid waste closure and post-closure liabilities	70,170	68,126
	<u>235,295</u>	<u>516,490</u>
Capital transactions		
Acquisition of tangible capital assets	<u>(885,284)</u>	<u>(68,451)</u>
Investing transactions		
Disposal (acquisition) of investments	(143)	172
Advance of loan receivable	<u>(34,500)</u>	<u>(50,000)</u>
	<u>(34,643)</u>	<u>(49,828)</u>
Financing transactions		
Proceeds from issuance of long-term debt	<u>34,500</u>	<u>50,000</u>
Net change in cash and cash equivalents	(650,132)	448,211
Cash and cash equivalents, beginning of year	<u>1,638,540</u>	<u>1,190,329</u>
Cash and cash equivalents, end of year	\$ 988,408	\$ 1,638,540
Cash and cash equivalents consist of:		
Cash and cash equivalents	<u>\$ 988,408</u>	<u>\$ 1,638,540</u>

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

December 31, 2024

**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
District of Rainy River Services 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, 2024

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.

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

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

December 31, 2024

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.
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.
Asset Retirement Obligations	A liability for an asset retirement obligation is recognized when there is a legal obligation to incur retirement costs in relation to a tangible capital asset; the past transaction or event giving rise to the liability has occurred; it is expected that future economic benefits will be given up; and a reasonable estimate of the amount can be made. The liability is recorded at an amount that is the best estimate of the expenditure required to retire a tangible capital asset at the financial statement date. This liability is subsequently reviewed at each financial reporting date and adjusted for the passage of time and for any revisions to the timing, amount required to settle the obligation or the discount rate. Upon the initial measurement of an asset retirement obligation, a corresponding asset retirement cost is added to the carrying value of the related tangible capital asset if it is still in productive use. This cost is amortized over the useful life of the tangible capital asset. If the related tangible capital asset is unrecognized or no longer in productive use, the asset retirement costs are expensed.

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

December 31, 2024

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 useful lives of the landfill sites, the post-closure costs of the landfills and taxation revenue.

Financial Instruments

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

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

When investment income and realized and unrealized gains and losses from changes in the fair value of financial instruments are externally restricted, the investment income and fair value changes are recognized as revenue in the period in which the resources are used for the purpose specified.

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

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

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

The Corporation of the Township of Dawson

Notes to Consolidated Financial Statements

December 31, 2024

1. Cash and Cash Equivalents

The balance of cash reported on the consolidated statement of financial position is made up of the following:

	2024	2023
Unrestricted	\$ 47,421	\$ 27,113
Restricted by Council resolution	665,237	1,327,465
Restricted by funding agreement	275,750	283,962
	<u>\$ 988,408</u>	<u>\$ 1,638,540</u>

Certain surplus funds are set aside by by-laws or Council resolution for specific purposes and referred to as reserve funds. Cash and cash equivalents restricted by Council resolution represent assets that are maintained in respect of those reserve funds (Note 8).

2. Investments

	2024	2023
Bonds	\$ 3,243	\$ 3,100

The income (loss) from investments for the year was \$143 (2023 - \$(172)). The market value of the Municipality's investment in bonds was \$3,243 (2023 - \$3,100).

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

December 31, 2024

3. 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 6).

	2024	2023
Due from landowners with interest at 6.0%, repayable in annual instalments of \$6,793 principal and interest, maturing August 1, 2028.	\$ 23,540	\$ 28,616
Due from landowners with interest at 6.0%, repayable in annual instalments of \$6,793 principal and interest, maturing October 1, 2029.	28,616	33,405
Due from landowners with interest at 6.0%, repayable in annual instalments of \$6,793 principal and interest, maturing January 1, 2033.	42,186	46,207
Due from landowners with interest at 6.0%, repayable in annual instalments of \$5,965 principal and interest, maturing July 1, 2033.	46,206	50,000
Due from landowners with interest at 6.0%, repayable in annual instalments of \$4,687 principal and interest, maturing July 1, 2034.	34,500	-
Total loans receivable	<u>\$ 175,048</u>	<u>\$ 158,228</u>

4. Deferred Revenue

	Opening balance	Contributions received	Externally restricted investment income	Revenue recognized	Ending balance
Canada Community Building Fund	267,391	25,552	13,909	(48,541)	258,311
Infrastructure programs	214,252	159,597	-	(373,849)	-
Parks	16,571	-	868	-	17,439
	<u>498,214</u>	<u>185,149</u>	<u>14,777</u>	<u>(422,390)</u>	<u>275,750</u>

Canada Community Building Fund

The Ministry requires the Municipality to put unspent CCBF 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.

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

December 31, 2024

5. Long-term Debt

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

	2024	2023
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.	\$ 23,540	\$ 28,616
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.	28,616	33,405
Ministry of Agriculture, Food and Rural Affairs, interest at 6.0%, repayable in annual instalments of \$6,793 principal and interest, maturing January 1, 2033.	42,186	46,207
Ministry of Agriculture, Food and Rural Affairs, interest at 6.0%, repayable in annual instalments of \$6,793 principal and interest, maturing July 1, 2033.	46,206	50,000
Ministry of Agriculture, Food and Rural Affairs, interest at 6.0%, repayable in annual instalments of \$4,687 principal and interest, maturing July 1, 2034.	34,500	-
	<u>\$ 175,048</u>	<u>\$ 158,228</u>

The above loans were advanced to the Municipality under the Ontario Tile Loan Program. The Municipality has advanced a corresponding amount to landowners (Note 4).

Principal repayments relating to long-term debt of \$175,048 outstanding are due as follows:

Year	Principal Repayments
2025	\$ 21,358
2026	22,640
2027	23,998
2028	25,438
2029	20,171
Thereafter	61,443
	<u>\$ 175,048</u>

The gross interest paid relating to the above long-term debt was \$9,494 (2023 - \$7,280).

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

December 31, 2024

6. Asset Retirement Obligations

The Municipality's financial statements include an asset retirement obligation for the Blue Landfill and the Worthington Landfill. The related asset retirement costs are being amortized on a straight line basis.

The liability for the Blue Landfill has been estimated using a net present value technique with a discount rate of 3% (2023 - 3%). The estimated total undiscounted future expenditures are \$195,000 (2023 - \$195,000), which are to be incurred over 25 years. The liability is expected to be settled in 155 years.

The liability for the Worthington Landfill has been estimated using a net present value technique with a discount rate of 3% (2023 - 3%). The estimated total undiscounted future expenditures are \$342,672 (2023 - \$342,672), which are to be incurred over 23 years. The liability is expected to be settled in 113 years.

The carrying amount of the liabilities are as follows:

	Blue	Worthington	Total
Asset retirement obligation as at December 31, 2023	\$ 880,508	\$ 1,458,487	\$ 2,338,995
Increase due to accretion expense	26,415	43,755	70,170
Asset retirement obligation as at December 31, 2024	\$ 906,923	\$ 1,502,242	\$ 2,409,165

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

December 31, 2024

7. Tangible Capital Assets

	2024							
	Land	Buildings	Equipment	Roads and bridges	Water and other utility systems	Vehicles	Culverts	Total
Cost, beginning of year	\$ 591,141	\$ 670,223	\$ 1,360,664	\$ 3,740,013	\$ 34,071	\$ 532,581	\$ 1,559,769	\$ 8,488,462
Additions	-	78,188	19,293	390,735	-	397,068	-	885,284
Disposals	-	-	-	-	-	-	-	-
Cost, end of year	591,141	748,411	1,379,957	4,130,748	34,071	929,649	1,559,769	9,373,746
Accumulated amortization, beginning of year	177,733	305,259	564,402	2,339,852	16,766	454,762	750,826	4,609,600
Amortization	3,826	12,145	57,220	132,347	1,160	30,254	37,439	274,391
Disposals	-	-	-	-	-	-	-	-
Accumulated amortization, end of year	181,559	317,404	621,622	2,472,199	17,926	485,016	788,265	4,883,991
Net carrying amount, end of year	\$ 409,582	\$ 431,007	\$ 758,335	\$ 1,658,549	\$ 16,145	\$ 444,633	\$ 771,504	\$ 4,489,755

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

December 31, 2024

7. Tangible Capital Assets (continued)

	2023							
	Land	Buildings	Equipment	Roads and bridges	Water and other utility systems	Vehicles	Culverts	Total
Cost, beginning of year	\$ 591,141	\$ 670,223	\$ 1,355,742	\$ 3,681,205	\$ 34,071	\$ 532,581	\$ 1,555,048	\$ 8,420,011
Additions	-	-	4,922	58,808	-	-	4,721	68,451
Cost, end of year	591,141	670,223	1,360,664	3,740,013	34,071	532,581	1,559,769	8,488,462
Accumulated amortization, beginning of year	173,907	293,471	507,940	2,215,438	15,606	431,534	712,853	4,350,749
Amortization	3,826	11,788	56,462	124,414	1,160	23,228	37,973	258,851
Disposals	-	-	-	-	-	-	-	-
Accumulated amortization, end of year	177,733	305,259	564,402	2,339,852	16,766	454,762	750,826	4,609,600
Net carrying amount, end of year	\$ 413,408	\$ 364,964	\$ 796,262	\$ 1,400,161	\$ 17,305	\$ 77,819	\$ 808,943	\$ 3,878,862

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

December 31, 2024

8. Accumulated Surplus

The Municipality segregates its accumulated surplus in the following categories:

	<u>2024</u>	<u>2023</u>
<u>Investment in tangible capital assets</u>		
Tangible capital assets	\$ 4,489,755	\$ 3,878,862
<u>Current operations</u>		
General operating	576,798	586,991
Government partnership	11,589	15,340
Total operating surplus	<u>588,387</u>	<u>602,331</u>
<u>Other allocated deficits</u>		
Asset retirement obligation - landfill	<u>(2,409,165)</u>	<u>(2,338,995)</u>
<u>Reserve funds</u>		
Replacement of equipment	419,721	731,435
Landfill closures	59,310	56,360
Total reserve funds	<u>479,031</u>	<u>787,795</u>
Working capital reserve	<u>107,000</u>	<u>107,000</u>
Total surplus	<u>\$ 3,255,008</u>	<u>\$ 3,036,993</u>

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, 2024

9. Other Income

	2024	2023
Commuted payments (drainage charges)	\$ 33,089	\$ 120,912
Donations and fundraising	263	253
	\$ 33,352	\$ 121,165

10. Government Transfers - Provincial

	2024	2023
Operating		
Ontario Municipal Partnership Fund	\$ 472,400	\$ 480,800
Ministry of Rural Affairs - Drainage Program	14,479	31,634
Public Library Operating Grant	1,644	1,644
Ministry of Agriculture - Livestock Grants	6,401	8,964
Court Cost Grant	1,093	1,056
Total operating transfers	496,017	524,098
Tangible capital assets		
Ontario Community Infrastructure Fund	312,024	-
Ministry of Rural Affairs - Capacity Funding	-	-
Northern Ontario Heritage Fund Corporation	70,487	-
Northern Ontario Resource Development Support	61,825	58,808
Total tangible capital assets	444,336	58,808
Total provincial transfers	\$ 940,353	\$ 582,906

11. Government Transfers - Federal

	2024	2023
Operating		
Canada Community Building Fund	\$ 48,541	\$ -
Tangible capital assets		
Canada Community Building Fund	-	7,861
Total federal transfers	\$ 48,541	\$ 7,861

The Corporation of the Township of Dawson

Notes to Consolidated Financial Statements

December 31, 2024

12. 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%.

	2024		2023	
	Total	Municipality Portion	Total	Municipality Portion
Financial assets	\$ 35,147	\$ 11,716	\$ 56,560	\$ 18,853
Financial liabilities	75,380	25,127	85,540	28,513
Net financial debt	(40,233)	(13,411)	(28,980)	(9,660)
Non-financial assets	381,479	127,160	387,447	129,149
Accumulated surplus	<u>\$ 341,246</u>	<u>\$ 113,749</u>	<u>\$ 358,467</u>	<u>\$ 119,489</u>

	2024		2023	
	Total	Municipality Portion	Total	Municipality Portion
Revenue	\$ 16,221	\$ 5,407	\$ 16,390	\$ 5,463
Expenses	33,442	11,147	28,824	9,608
Annual debt	(17,221)	(5,740)	(12,434)	(4,145)
Accumulated surplus, beginning of year	358,467	119,489	370,901	123,634
Accumulated surplus, end of year	<u>\$ 341,246</u>	<u>\$ 113,749</u>	<u>\$ 358,467</u>	<u>\$ 119,489</u>

The Corporation of the Township of Dawson

Notes to Consolidated Financial Statements

December 31, 2024

13. Expenses by Object

	2024	2023
Salaries, wages and employee benefits	\$ 395,013	\$ 388,550
Materials	263,942	155,999
Contracted services	304,599	353,588
Rent and financial expenses	144,303	127,698
Contributions to other Organizations	236,095	216,190
Amortization	274,391	258,851
Interest on long-term debt	9,494	7,280
	<u>\$ 1,627,837</u>	<u>\$ 1,508,156</u>

14. 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, 2025. 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.

15. 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 2024 was \$22,066 (2023 - \$22,243) for current service. The OMERS Board rate was 9.0% to 14.6% depending on income level for 2024 (2023 - 9.0% to 14.6% depending on income level).

The Corporation of the Township of Dawson

Notes to Consolidated Financial Statements

December 31, 2024

16. 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.

17. Operations of School Boards

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

	2024	2023
School boards	\$ 114,002	\$ 114,614

18. Trust Fund

The Trust Fund administered by the Municipality amounting to \$31,150 (2023 - \$30,080) has not been included in the consolidated statement of financial position nor has the operation been included in the consolidated statement of operations.

19. Contributions to Unconsolidated Boards

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

	2024	2023
Northwestern Health Unit	\$ 23,385	\$ 21,631
District of Rainy River Services Board	204,918	191,766
	<u>\$ 228,303</u>	<u>\$ 213,397</u>

The Corporation of the Township of Dawson

Notes to Consolidated Financial Statements

December 31, 2024

20. Financial Instrument Risk Management

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

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Municipality is exposed to credit risk through taxes receivable.

At year end, the amounts outstanding for the Municipality's financial assets exposed to credit risk are as follows:

Taxes receivable	2024	2023
Current	61,997	47,246
1 year past due	11,550	11,624
2 years past due	2,501	7,127
3 years past due	4,204	1,335
Total	80,252	67,332

The Municipality manages its credit risk by implementing the tax sale policies legislated by the Ontario Municipal Act.

The Corporation of the Township of Dawson

Notes to Consolidated Financial Statements

December 31, 2024

21. 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.

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, 2024

21. Segmented Information (continued)

For the year ended December 31	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Social and Family Services	Social Housing	Recreation and Cultural Services	Planning and Development	2024 Total
Revenue										
Taxation	\$ 68,595	\$ 70,692	\$ 372,443	\$ 30,813	\$ 58,754	\$ 37,683	\$ 32,650	\$ 13,726	\$ 971	\$ 686,327
Fees and user charges	-	10	337	2,080	700	-	-	-	9,994	13,121
Conditional grants	-	77,981	417,606	-	-	-	-	1,644	19,263	516,494
Unconditional grants	47,214	48,657	256,353	21,208	40,441	25,937	22,473	9,448	669	472,400
Municipal grants	-	-	29,925	-	-	-	-	-	-	29,925
Commuted payments	-	-	-	-	-	-	-	-	33,089	33,089
Other	41,707	4,834	38,286	2,950	6,719	-	-	-	-	94,496
	<u>157,516</u>	<u>202,174</u>	<u>1,114,950</u>	<u>57,051</u>	<u>106,614</u>	<u>63,620</u>	<u>55,123</u>	<u>24,818</u>	<u>63,986</u>	<u>1,845,852</u>
Expenses										
Wages and benefits	79,305	14,125	264,351	30,243	1,667	-	-	5,322	-	395,013
Materials	9,455	41,403	205,271	-	6,814	-	-	999	-	263,942
Contracted services	20,775	94,321	4,255	-	1,059	-	-	6,681	177,508	304,599
Rent and financial	25,013	8,660	20,391	80,382	2,010	-	-	7,847	-	144,303
External transfers	-	-	-	-	130,417	13,167	89,718	-	2,793	236,095
Amortization	1,655	19,152	245,276	3,898	1,989	-	-	2,421	-	274,391
Long-term interest	-	-	-	-	-	-	-	-	9,494	9,494
	<u>136,203</u>	<u>177,661</u>	<u>739,544</u>	<u>114,523</u>	<u>143,956</u>	<u>13,167</u>	<u>89,718</u>	<u>23,270</u>	<u>189,795</u>	<u>1,627,837</u>
Net surplus (deficit)	\$ 21,313	\$ 24,513	\$ 375,406	\$ (57,472)	\$ (37,342)	\$ 50,453	\$ (34,595)	\$ 1,548	\$ (125,809)	\$ 218,015

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

December 31, 2024

21. Segmented Information (continued)

For the year ended December 31	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Social and Family Services	Social Housing	Recreation and Cultural Services	Planning and Development	2023 Total
Revenue										
Taxation	\$ 65,764	\$ 67,774	\$ 357,073	\$ 29,541	\$ 56,330	\$ 36,128	\$ 31,303	\$ 13,160	\$ 931	\$ 658,004
Fees and user charges	-	20	-	1,325	6,382	-	-	-	8,629	16,356
Conditional grants	-	10,021	58,808	-	-	-	-	1,644	39,494	109,967
Unconditional grants	48,053	49,522	260,911	21,586	41,160	26,399	22,873	9,616	680	480,800
Municipal grants	-	-	36,346	-	-	-	-	-	-	36,346
Commuted payments	-	-	-	-	-	-	-	-	120,912	120,912
Other	32,432	5,941	36,529	2,906	1,443	-	-	-	-	79,251
	<u>146,249</u>	<u>133,278</u>	<u>749,667</u>	<u>55,358</u>	<u>105,315</u>	<u>62,527</u>	<u>54,176</u>	<u>24,420</u>	<u>170,646</u>	<u>1,501,636</u>
Expenses										
Wages and benefits	89,004	12,639	250,801	28,994	1,653	-	-	5,459	-	388,550
Materials	11,680	34,197	104,191	-	5,549	-	-	382	-	155,999
Contracted services	20,511	97,988	21,256	-	1,335	-	-	6,681	205,817	353,588
Rent and financial	14,979	8,898	16,849	78,880	1,867	-	-	6,225	-	127,698
External transfers	-	-	-	-	124,499	9,316	79,582	-	2,793	216,190
Amortization	1,579	17,910	231,053	3,898	1,990	-	-	2,421	-	258,851
Long-term interest	-	-	-	-	-	-	-	-	7,280	7,280
	<u>137,753</u>	<u>171,632</u>	<u>624,150</u>	<u>111,772</u>	<u>136,893</u>	<u>9,316</u>	<u>79,582</u>	<u>21,168</u>	<u>215,890</u>	<u>1,508,156</u>
Net surplus (deficit)	<u>\$ 8,496</u>	<u>\$ (38,354)</u>	<u>\$ 125,517</u>	<u>\$ (56,414)</u>	<u>\$ (31,578)</u>	<u>\$ 53,211</u>	<u>\$ (25,406)</u>	<u>\$ 3,252</u>	<u>\$ (45,244)</u>	<u>\$ (6,520)</u>

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.

**The Corporation of the Township of
Dawson Trust Funds**
Financial Statements
For the year ended December 31, 2024

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Notes to Financial Statements	5

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 Funds (the Entity), which comprise the Balance Sheet as at December 31, 2024, 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, 2024, 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

Without modifying our opinion, we draw attention to Note 1 of the financial statements which describes the basis of accounting. The financial statements are prepared to assist the Corporation of the Township of Dawson Trust Funds to comply with the reporting requirements of the Bereavement Authority of Ontario. As a result, the financial statements might not be suitable for another purpose.

Other Matter

The financial statement for the year ended December 31, 2023 were audited by another auditor who expressed an unmodified opinion] on those statements on April 18, 2024 for the reasons described in the Basis for Opinion paragraph.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for private enterprises, 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.

Fort Frances, Ontario

April 1, 2025

MNP LLP

Chartered Professional Accountants

Licensed Public Accountants

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

December 31	2024	2023
Assets		
Cash	\$ 31,150	\$ 30,080
Liabilities		
Balance - capital	\$ 31,150	\$ 30,080

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

December 31	2024	2023
Balance, beginning of year	\$ 30,080	\$ 29,010
Revenue		
Care and maintenance fee	1,070	1,070
Interest earned	1,455	1,189
	2,525	2,259
Expenditure		
Administration fees	1,455	1,189
Balance, end of year	\$ 31,150	\$ 30,080

Approved by:

_____ Mayor

_____ Clerk-Treasurer

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

December 31, 2024

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	<p>Sources of financing and expenditures are reported on the accrual basis of accounting.</p> <p>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.</p>

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.