

Township of Dawson
Consolidated Financial Statements
December 31, 2025

Township of Dawson
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For the year ended December 31, 2025

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Management's Responsibility

To the Members of Council, Inhabitants and Ratepayers of Township of Dawson:

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

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

The Township Council is composed primarily of members who are neither management nor employees of the Municipality. The Council is responsible for overseeing management in the performance of its financial reporting responsibilities. The Council fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Council is also responsible for recommending the appointment of the Municipality's external auditors.

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

March 4, 2026

Mayor

Clerk-Treasurer

To the Members of Council, Inhabitants and Ratepayers of Township of Dawson:

Opinion

We have audited the consolidated financial statements of Township of Dawson and its subsidiaries (the "Municipality"), which comprise the consolidated statement of financial position as at December 31, 2025, and the consolidated statements of operations and accumulated operating surplus, remeasurement gains and losses, changes in net debt and cash flows for the year then ended, and notes to the 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 Municipality as at December 31, 2025, and the results of its consolidated operations, its consolidated remeasurement gains and losses, changes in its consolidated net debt 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.

Responsibilities of Management and Those Charged with Governance for the 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 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
March 4, 2026

MNP LLP
Chartered Professional Accountants
Licensed Public Accountants

MNP

Township of Dawson
Consolidated Statement of Financial Position
As at December 31, 2025

	2025	2024
Financial assets		
Cash and cash equivalents <i>(Note 2)</i>	1,569,735	988,408
Accounts receivable	154,212	349,003
Taxes receivable	95,474	80,252
Investments <i>(Note 3)</i>	3,337	3,243
Loans receivable <i>(Note 4)</i>	153,690	175,048
Total financial assets	1,976,448	1,595,954
Liabilities		
Accounts payable and accruals	65,036	38,128
Deferred revenue <i>(Note 5)</i>	226,851	275,750
Asset retirement obligations - landfill <i>(Note 6)</i>	2,481,440	2,409,165
Long-term debt <i>(Note 7)</i>	153,690	175,048
Total financial liabilities	2,927,017	2,898,091
Net financial debt	(950,569)	(1,302,137)
Non-financial assets		
Tangible capital assets <i>(Note 8)</i>	4,447,355	4,489,755
Inventory of supplies	51,374	51,407
Prepaid expenses	16,687	15,954
Total non-financial assets	4,515,416	4,557,116
Accumulated surplus <i>(Note 9)</i>	3,564,847	3,254,979
Accumulated surplus is comprised of:		
Accumulated operating surplus	3,564,781	3,255,008
Accumulated remeasurement gains (losses)	66	(29)
	3,564,847	3,254,979
Contingencies <i>(Note 14)</i>		
Commitments <i>(Note 16)</i>		

Approved on behalf of the Council

Mayor

Clerk-Treasurer

Township of Dawson

Consolidated Statement of Operations and Accumulated Operating Surplus

For the year ended December 31, 2025

	2025	2025	2024
	<i>Budget</i>		
Revenue			
Taxation	724,326	726,955	686,327
Government transfers - federal and provincial (Note 10), (Note 11)	896,437	881,399	988,894
User fees and service charges	14,494	29,949	13,121
Permits, licences, and fines	19,547	41,545	25,256
Investment income	32,432	43,752	68,977
Municipal grants	27,500	40,338	29,925
Other income (Note 12)	230,556	113,908	33,352
	1,945,292	1,877,846	1,845,852
Program expenses			
General government	144,022	142,026	136,203
Protection services	182,655	199,123	177,661
Transportation services	778,204	715,618	739,544
Environmental services	116,689	120,189	114,523
Health services	141,321	143,718	143,956
Social and family services	19,048	19,048	13,167
Social housing	97,058	97,058	89,718
Recreation and cultural services	21,717	21,420	23,270
Planning and development	250,649	109,873	189,795
	1,751,363	1,568,073	1,627,837
Operating surplus	193,929	309,773	218,015
Accumulated operating surplus, beginning of year	3,255,008	3,255,008	3,036,993
Accumulated operating surplus, end of year	3,448,937	3,564,781	3,255,008

The accompanying notes are an integral part of these consolidated financial statements

Township of Dawson
Consolidated Statement of Remeasurement Gains and Losses
For the year ended December 31, 2025

	2025	2024
Accumulated remeasurement gains (losses), beginning of year	(29)	(172)
Unrealized gains (losses) attributable to:		
Portfolio investments	95	143
Accumulated remeasurement gains (losses), end of year	66	(29)

The accompanying notes are an integral part of these consolidated financial statements

Township of Dawson
Consolidated Statement of Change in Net Debt

For the year ended December 31, 2025

	2025	2025	2024
Annual surplus	193,929	309,773	218,015
Acquisition of tangible capital assets	(247,797)	(254,977)	(885,284)
Amortization of tangible capital assets	286,516	297,377	274,391
	38,719	42,400	(610,893)
Use (acquisition) of prepaid expense and inventory of supplies	67,361	(700)	84,614
Net change in remeasurement gains (losses) for the year	-	95	143
	67,361	(605)	84,757
Change in net debt	300,009	351,568	(308,121)
Net debt, beginning of year	(1,302,137)	(1,302,137)	(994,016)
Net debt, end of year	(1,002,128)	(950,569)	(1,302,137)

The accompanying notes are an integral part of these consolidated financial statements

Township of Dawson
Consolidated Statement of Cash Flows
For the year ended December 31, 2025

	2025	2024
Operating activities		
Operating surplus	309,773	218,015
Remeasurement Loss	95	143
Non-cash items		
Amortization	297,377	274,391
Gain (loss) on disposal of capital assets	(20,000)	-
Changes in non-cash operating balances		
Accounts receivable	194,791	(159,439)
Taxes receivable	(15,222)	(12,920)
Prepaid expenses and inventory of supplies	(700)	84,614
Accounts payable and accruals	26,908	(17,215)
Deferred revenue	(48,899)	(222,464)
Asset retirement obligations - landfill	72,275	70,170
	816,398	235,295
Financing activities		
Proceeds from Issuance of long-term debt	-	34,500
Capital activities		
Acquisition of tangible capital assets	(254,977)	(885,284)
Proceeds from disposal of tangible capital assets	20,000	-
	(234,977)	(885,284)
Investing activities		
Disposal (acquisition) of investments	(94)	(143)
Advance of loan receivable	-	(34,500)
	(94)	(34,643)
Increase (decrease) in cash resources	581,327	(650,132)
Cash resources, beginning of year	988,408	1,638,540
Cash resources, end of year	1,569,735	988,408
Cash resources are composed of:		
Cash and cash equivalents	1,569,735	988,408

The accompanying notes are an integral part of these consolidated financial statements

1. Significant accounting policies

The consolidated financial statements 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.

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.

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

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

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:

	<i>Method</i>	<i>Rate</i>
Buildings	straight-line	20 to 50 years
Roads	straight-line	10 to 80 years
Machinery and equipment	straight-line	10 to 20 years
Vehicles	straight-line	10 to 20 years
Furniture and equipment	straight-line	10 years
Computer hardware and software	straight-line	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 funds

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.

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.

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

Asset retirement obligation

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.

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.

Township of Dawson
Notes to the Consolidated Financial Statements
For the year ended December 31, 2025

2. Cash and cash equivalents

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

	2025	2024
Unrestricted	45,355	47,421
Restricted by Council resolution	1,297,529	665,237
Restricted by funding agreement	226,851	275,750
	1,569,735	988,408

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 9).

3. Investments

	2025	2024
Bonds	3,337	3,243

The income from investments for the year was \$95 (2024 - \$143). The market value of the Municipality's investment in bonds was \$3,337 (2024 - \$3,243).

4. 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 7).

Loans receivable consist of the following:

	2025 Net recoverable value	2024 Net recoverable value
Due from landowners with interest at 6.0%, repayable in annual instalments of \$6,793 principal and interest, maturing August 1, 2028.	18,159	23,540
Due from landowners with interest at 6.0%, repayable in annual instalments of \$6,793 principal and interest, maturing October 1, 2029.	23,540	28,616
Due from landowners with interest at 6.0%, repayable in annual instalments of \$6,793 principal and interest, maturing January 1, 2033.	37,923	42,186
Due from landowners with interest at 6.0%, repayable in annual instalments of \$6,793 principal and interest, maturing July 1, 2033.	42,186	46,206
Due from landowners with interest at 6.0%, repayable in annual instalments of \$4,687 principal and interest, maturing July 1, 2034.	31,882	34,500
	153,690	175,048

Township of Dawson
Notes to the Consolidated Financial Statements
For the year ended December 31, 2025

5. Deferred revenue

	<i>Opening balance</i>	<i>Contributions received</i>	<i>Externally restricted investment income</i>	<i>Revenue recognized</i>	<i>Ending balance</i>
Canada Community Building Fund	258,311	26,135	8,149	83,755	208,840
Parks	17,439	-	572	-	18,011
	275,750	26,135	8,721	83,755	226,851

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.

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.

6. Asset retirement obligation

The Municipality's financial statements include an asset retirement obligation for the Blue 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% (2024 – 3%). The estimated total undiscounted future expenditures are \$195,000 (2024 - \$195,000), which are to be incurred over 25 years. The liability is expected to be settled in 154 years.

	2025	2024
Balance, beginning of year	906,923	880,508
Increase due to accretion expense	27,207	26,415
Balance, end of year	934,130	906,923

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

The liability for the Worthington Landfill has been estimated using a net present value technique with a discount rate of 3% (2024 – 3%). The estimated total undiscounted future expenditures are \$342,672 (2024 - \$342,672), which are to be incurred over 23 years. The liability is expected to be settled in 112 years.

	2025	2024
Balance, beginning of year	1,502,242	1,458,487
Increase due to accretion expense	45,067	43,755
Balance, end of year	1,547,309	1,502,242

Township of Dawson
Notes to the Consolidated Financial Statements
For the year ended December 31, 2025

7. Long-term debt

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

	2025	2024
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.	18,159	23,541
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.	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 January 1, 2033.	37,923	42,186
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.	42,186	46,206
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.	31,882	34,500
	153,690	175,049

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 \$153,690 outstanding are due as follows:

	Principal
2026	22,640
2027	23,998
2028	25,438
2029	20,171
2030	14,587
Thereafter	46,856

The gross interest paid relating to the above long-term debt was \$10,503 (2024 - \$9,494).

Township of Dawson
Notes to the Consolidated Financial Statements
For the year ended December 31, 2025

8. Tangible capital assets

	<i>Cost</i>	<i>Additions</i>	<i>Disposals</i>	<i>Accumulated amortization</i>	<i>2025 Net book value</i>
Land	591,141	-	-	185,384	405,757
Buildings	748,412	27,754	7,282	324,218	444,666
Equipment	1,379,957	9,127	-	680,207	708,877
Roads	4,106,693	216,036	71,686	2,545,229	1,705,814
Water and other utility systems	34,071	-	-	19,085	14,986
Vehicles	929,649	-	116,091	406,211	407,347
Culverts	1,583,824	2,060	-	825,976	759,908
	9,373,747	254,977	195,059	4,986,310	4,447,355

	<i>Cost</i>	<i>Additions</i>	<i>Disposals</i>	<i>Accumulated amortization</i>	<i>2024 Net book value</i>
Land	591,141	-	-	181,559	409,582
Buildings	670,224	78,188	-	317,468	430,944
Equipment	1,360,664	19,293	-	621,622	758,335
Roads	3,715,957	390,735	-	2,472,133	1,634,559
Water and other utility systems	34,071	-	-	17,925	16,146
Vehicles	532,581	397,068	-	485,022	444,627
Culverts	1,583,824	-	-	788,262	795,562
	8,488,462	885,284	-	4,883,991	4,489,755

Township of Dawson
Notes to the Consolidated Financial Statements
For the year ended December 31, 2025

9. Accumulated operating surplus

The Municipality segregates its accumulated surplus in the following categories:

	2025	2024
Investment in tangible capital assets		
Tangible capital assets	4,447,355	4,489,755
<hr/>		
Current operations		
General operating	844,259	576,769
Government partnership	9,947	11,589
	<hr/>	<hr/>
	854,206	588,358
<hr/>		
Other allocated deficits		
Asset retirement obligation - landfill	(2,481,440)	(2,409,165)
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Reserve funds		
Replacement of equipment	563,472	419,721
Landfill closures	61,254	59,310
	<hr/>	<hr/>
	624,726	479,031
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Working capital reserve	120,000	107,000
	<hr/>	<hr/>
	3,564,847	3,254,979

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.

10. Government transfers - federal

	2025	2024
Operating		
Canada Community Building Fund	23,606	48,541
<hr/>		
Tangible capital assets		
Canada Community Building Fund	60,149	-
	<hr/>	<hr/>
Total federal transfers	83,755	48,541

Township of Dawson
Notes to the Consolidated Financial Statements
For the year ended December 31, 2025

11. Government transfers - provincial

	2025	2024
Operating		
Ontario Municipal Partnership Fund	472,400	472,400
Ministry of Rural Affairs - Drainage Program	148,133	14,479
Public Library Operating Grant	1,644	1,644
Ministry of Agriculture - Livestock Grants	13,512	6,401
Court Cost Grant	919	1,093
Total operating transfers	636,608	496,017
Tangible capital assets		
Ontario Community Infrastructure Fund	100,000	312,024
Northern Ontario Heritage Fund Corporation	-	70,487
Northern Ontario Resource Development Support	61,036	61,825
Total tangible capital assets	161,036	444,336
Total provincial transfers	797,644	940,353

12. Other income

	2025	2024
Commuted payments (drainage charges)	93,628	33,089
Donations and fundraising	280	263
Gain on sale of tangible capital assets	20,000	-
Total other income	113,908	33,352

13. Expenses by object

	2025	2024
Wages and benefits	417,401	395,013
Materials	185,590	263,942
Contracted services	251,441	304,599
Rent and financial services	155,635	144,303
External transfers	250,126	236,095
Amortization	297,377	274,391
Interest on long-term debt	10,503	9,494
Total expenses by object	1,568,073	1,627,837

14. Contingent liabilities

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.

Township of Dawson
Notes to the Consolidated Financial Statements
For the year ended December 31, 2025

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 2025 was \$14,480 (2024 - \$22,066) for current service. The OMERS Board rate was 9.0% to 14.6% depending on income level for 2025 (2024 - 9.0% to 14.6% depending on income level).

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:

	2025	2024
School boards	114,838	114,002

18. Trust fund

The Trust Fund administered by the Municipality amounting to \$31,930 (2024 - \$31,150) 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:

	2025	2024
Northwestern Health Unit	27,723	23,385
Rainy River District Social Services Administration Board	219,610	204,918
	247,333	228,303

Township of Dawson
Notes to the Consolidated Financial Statements
For the year ended December 31, 2025

20. 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%.

	<i>Total</i>	<i>2025 Municipality portion</i>	<i>Total</i>	<i>2024 Municipality portion</i>
Financial assets	30,172	10,057	35,147	11,716
Financial liabilities	(75,331)	(25,110)	(75,380)	(25,127)
Net financial debt	(45,159)	(15,053)	(40,233)	(13,411)
Non-financial assets	375,510	125,170	381,479	127,160
Accumulated surplus	330,351	110,117	341,246	113,749
Revenue	17,795	5,932	16,221	5,407
Expenses	(28,689)	(9,564)	(33,442)	(11,147)
Annual debt	(10,894)	(3,632)	(17,221)	(5,740)
Accumulated surplus, beginning of year	341,245	113,749	358,467	119,489
Accumulated surplus, end of year	330,351	110,117	341,246	113,749

Township of Dawson
Notes to the Consolidated Financial Statements
For the year ended December 31, 2025

21. Financial instruments

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.

As at December 31, 2025, the aging of this financial asset is as follows:

	Current	1 year past due	2 years past due	3 years past due	Thereafter	Total
Taxes receivable	67,153	21,160	5,975	1,186	-	95,474

As at 2024, the aging of this financial asset was as follows:

	Current	1 year past due	2 years past due	3 years past due	Thereafter	Total
Taxes receivable	61,997	11,550	2,501	4,204	-	80,252

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

22. Segmented information

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 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.

Township of Dawson
Schedule 1 - Consolidated Schedule of Segmented Disclosure
For the year ended December 31, 2025

	<i>General government</i>	<i>Protection services</i>	<i>Transportation services</i>	<i>Environmental services</i>	<i>Health services</i>	<i>Social and family services</i>	<i>Social housing</i>	<i>Recreation and cultural services</i>	<i>Planning and development</i>	2025
Revenue										
Taxation	72,655	74,876	394,490	32,637	62,232	39,914	34,583	14,539	1,029	726,955
User fees and service charges	-	5,950	641	9,504	6,207	-	-	-	13,203	35,505
Conditional grants	-	14,431	233,593	-	-	-	-	1,644	159,331	408,999
Unconditional grants	47,214	48,657	256,353	21,208	40,441	25,937	22,473	9,448	669	472,400
Municipal grants	-	-	40,338	-	-	-	-	-	-	40,338
Commuted payments	20,000	-	-	-	-	-	-	-	93,628	113,628
Other income	59,884	2,901	13,751	1,944	1,541	-	-	-	-	80,021
	199,753	146,815	939,166	65,293	110,421	65,851	57,056	25,631	267,860	1,877,846
Expenses										
Wages and benefits	81,442	25,947	269,311	33,050	2,204	-	-	5,447	-	417,401
Materials	9,818	48,603	121,523	-	5,034	-	-	612	-	185,590
Contracted services	21,231	94,375	39,110	-	928	-	-	6,681	89,116	251,441
Rent and financial services	27,803	8,633	19,902	83,241	2,336	-	-	6,259	7,461	155,635
External transfers	-	-	-	-	131,227	19,048	97,058	-	2,793	250,126
Interest on long-term debt	-	-	-	-	-	-	-	-	10,503	10,503
	140,294	177,558	449,846	116,291	141,729	19,048	97,058	18,999	109,873	1,270,696
Net revenue, before amortization	59,459	(30,743)	489,320	(50,998)	(31,308)	46,803	(40,002)	6,632	157,987	607,150
Amortization	1,732	21,565	265,772	3,898	1,989	-	-	2,421	-	297,377
Net revenue	57,727	(52,308)	223,548	(54,896)	(33,297)	46,803	(40,002)	4,211	157,987	309,773

Township of Dawson
Schedule 1 - Consolidated Schedule of Segmented Disclosure
For the year ended December 31, 2025

	General government	Protection services	Transportation services	Environmental services	Health services	Social and family services	Social housing	Recreation and cultural services	Planning and development	2024
Revenue										
Taxation	68,595	70,692	372,443	30,813	58,754	37,683	32,650	13,726	971	686,327
User fees and service 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 income	41,707	4,834	38,286	2,950	6,719	-	-	-	-	94,496
	157,516	202,174	1,114,950	57,051	106,614	63,620	55,123	24,818	63,986	1,845,852
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 services	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
Interest on long-term debt	-	-	-	-	-	-	-	-	9,494	9,494
	134,548	158,509	494,268	110,625	141,967	13,167	89,718	20,849	189,795	1,353,446
Net revenue, before amortization	22,968	43,665	620,682	(53,574)	(35,353)	50,453	(34,595)	3,969	(125,809)	492,406
Amortization	1,655	19,152	245,276	3,898	1,989	-	-	2,421	-	274,391
Net revenue	21,313	24,513	375,406	(57,472)	(37,342)	50,453	(34,595)	1,548	(125,809)	218,015