

**The Corporation of the Township of  
Dawson  
Consolidated Financial Statements  
For the year ended December 31, 2013**

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Dawson  
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For the year ended December 31, 2013**

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BDO Canada LLP  
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Fort Frances ON P9A 1H1 Canada

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## Independent Auditor's Report

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

We have audited the accompanying consolidated financial statements of the Corporation of the Township of Dawson, which are comprised of the Consolidated Statement of Financial Position as at December 31, 2013, and the Consolidated Statement of Operations, the Consolidated Statement of Change in Net Financial Assets and the Consolidated Statement of Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### Management's Responsibility for the Consolidated Financial Statements

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

#### Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of the material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



### Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Corporation of the Township of Dawson as at December 31, 2013, and the results of its operations, change in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

*BDO CANADA LLP*

Chartered Accountants, Licensed Public Accountants

Fort Frances, Ontario  
January 24, 2014

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

| December 31   | 2013                | 2012                |
|---|---------------------|---------------------|
| <b>Financial assets</b>                                   |                     |                     |
| Cash and cash equivalents                                 | \$ 20,501           | \$ 47,149           |
| Taxes receivable  | 40,425              | 81,433              |
| Accounts receivable                                       | 66,312              | 64,339              |
| Investments (Note 1)                                      | 836,117             | 797,585             |
|   | <b>963,355</b>      | <b>990,506</b>      |
| <b>Liabilities</b>  |                     |                     |
| Bank indebtedness (Note 4)                                | -                   | 22,582              |
| Accounts payable and accrued liabilities                  | 24,275              | 44,757              |
| Deferred revenue (Note 2)                                 | 65,223              | 104,663             |
| Solid waste closure and post-closure liabilities (Note 3) | 186                 | 47,116              |
|   | <b>89,684</b>       | <b>219,118</b>      |
| <b>Net financial assets</b>                               | <b>873,671</b>      | <b>771,388</b>      |
| <b>Non-financial assets</b>                               |                     |                     |
| Tangible capital assets (Note 5)                          | 2,649,290           | 2,730,773           |
| Prepaid expenses  | 10,920              | 33,222              |
| Inventory of supplies                                     | 22,235              | 24,745              |
| Tangible capital assets under construction                | -                   | 45,208              |
|   | <b>2,682,445</b>    | <b>2,833,948</b>    |
| <b>Accumulated surplus (Note 6)</b>                       | <b>\$ 3,556,116</b> | <b>\$ 3,605,336</b> |
| <b>Contingent liability (Note 10)</b>                     |                     |                     |
| <b>Commitments (Note 12)</b>                              |                     |                     |

\_\_\_\_\_ Treasurer

\_\_\_\_\_ Mayor

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

| For the year ended December 31          | Budget<br>2013      | 2013                | 2012                |
|---|---------------------|---------------------|---------------------|
| <b>Revenue</b>                          |                     |                     |                     |
| Taxation                                | \$ 302,368          | \$ 304,586          | \$ 298,217          |
| Government grants - Federal             | 20,000              | 64,390              | -                   |
| Government grants - Provincial          | 561,635             | 559,880             | 539,656             |
| User fees and service charges           | 900                 | 1,120               | 1,755               |
| Permits, licenses and fines             | 14,179              | 27,363              | 16,620              |
| Investment income                       | 13,339              | 8,756               | 15,813              |
| Municipal grants                        | 9,000               | 18,005              | 8,415               |
| Other income (Note 7)                   | 6,000               | 978                 | 58,984              |
|   | <b>927,421</b>      | <b>985,078</b>      | <b>939,460</b>      |
| <b>Expenses</b>                         |                     |                     |                     |
| General government                      | 122,040             | 133,268             | 112,846             |
| Protection services                     | 119,123             | 111,231             | 119,295             |
| Transportation services                 | 539,682             | 584,184             | 488,897             |
| Environmental services                  | 29,833              | 34,873              | 28,285              |
| Health services                         | 106,790             | 102,192             | 97,699              |
| Social and family services              | 27,109              | 27,110              | 37,442              |
| Social housing                          | 44,226              | 44,226              | 41,674              |
| Recreation and cultural services        | 19,100              | 18,180              | 20,677              |
| Planning and development                | 32,500              | 25,964              | 9,720               |
|   | <b>1,040,403</b>    | <b>1,081,228</b>    | <b>956,535</b>      |
| Annual deficit, before unusual item     | (112,982)           | (96,150)            | (17,075)            |
| Change in accounting estimate (Note 3)  | -                   | 46,930              | -                   |
| Annual deficit                          | (112,982)           | (49,220)            | (17,075)            |
| Accumulated surplus, beginning of year  | 3,605,336           | 3,605,336           | 3,622,411           |
| <b>Accumulated surplus, end of year</b> | <b>\$ 3,492,354</b> | <b>\$ 3,556,116</b> | <b>\$ 3,605,336</b> |

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

| <b>For the year ended December 31</b>                        | <b>Budget<br/>2013</b> | <b>2013</b>       | <b>2012</b>       |
|--|------------------------|-------------------|-------------------|
| Annual deficit   | \$ (112,982)           | \$ (49,220)       | \$ (17,075)       |
| Acquisition of tangible capital assets                       | (6,000)                | (142,043)         | (58,942)          |
| Capitalization (acquisition) of work in progress             | -                      | 45,208            | (45,208)          |
| Amortization of tangible capital assets                      | 201,517                | 203,204           | 201,256           |
| Loss on sale of tangible capital assets                      | -                      | 6,670             | -                 |
| Proceeds on sale of tangible capital assets                  | 5,000                  | 13,652            | -                 |
|  | <b>87,535</b>          | <b>77,471</b>     | <b>80,031</b>     |
| Acquisition of prepaid expenses<br>and inventory of supplies | -                      | 24,812            | (44,116)          |
| <b>Net change in net financial assets</b>                    | <b>87,535</b>          | <b>102,283</b>    | <b>35,915</b>     |
| <b>Net financial assets, beginning of year</b>               | <b>771,388</b>         | <b>771,388</b>    | <b>735,473</b>    |
| <b>Net financial assets, end of year</b>                     | <b>\$ 858,923</b>      | <b>\$ 873,671</b> | <b>\$ 771,388</b> |

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

| For the year ended December 31                                     | 2013             | 2012             |
|--|------------------|------------------|
| <b>Operating transactions</b>                                      |                  |                  |
| Annual deficit   | \$ (49,220)      | \$ (17,075)      |
| Items not involving cash   |                  |                  |
| Amortization   | 203,204          | 201,256          |
| Loss on disposal of tangible capital assets                        | 6,670            | -                |
| Changes in non-cash operating balances                             |                  |                  |
| Taxes receivable   | 41,007           | (30,804)         |
| Accounts receivable  | (1,972)          | (12,768)         |
| Prepaid expenses and inventory of supplies                         | 24,812           | (44,115)         |
| Accounts payable and accrued liabilities                           | (20,483)         | 21,440           |
| Deferred revenue   | (39,440)         | 49,938           |
| Solid waste closure and post-closure liabilities                   | (46,929)         | 6,846            |
|  | <u>117,649</u>   | <u>174,718</u>   |
| <b>Capital transactions</b>  |                  |                  |
| Acquisition of tangible capital assets                             | (142,043)        | (58,942)         |
| Capitalization (acquisition) of work in progress                   | 45,208           | (45,208)         |
| Proceeds on sale of tangible capital assets                        | 13,652           | -                |
|  | <u>(83,183)</u>  | <u>(104,150)</u> |
| <b>Investing transactions</b>                                      |                  |                  |
| Acquisition of investments   | <u>(38,532)</u>  | <u>(71,045)</u>  |
| <b>Net change in cash and cash equivalents (bank indebtedness)</b> | <b>(4,066)</b>   | <b>(477)</b>     |
| Cash and cash equivalents, beginning of year                       | <u>24,567</u>    | <u>25,044</u>    |
| <b>Cash and cash equivalents, end of year</b>                      | <b>\$ 20,501</b> | <b>\$ 24,567</b> |
| <b>Cash and cash equivalents consists of:</b>                      |                  |                  |
| Cash and cash equivalents  | \$ 20,501        | \$ 47,149        |
| Bank indebtedness  | -                | (22,582)         |
| <b>Cash and cash equivalents, end of year</b>                      | <b>\$ 20,501</b> | <b>\$ 24,567</b> |



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# The Corporation of the Township of Dawson

## Summary of Significant Accounting Policies

December 31, 2013

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### Management's Responsibility for the Consolidated

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

**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 25% ownership in the government partnership. The government partnership that has been consolidated is:

Rainy River Health Care Committee

The following boards are not consolidated:

Northwestern Health Unit

Rainy River District Social Services Administration Board

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

### Revenue Recognition

The Municipality prepares property tax billings based on assessment rolls issued by the Municipal Property Assessment Corporation (MPAC), in accordance with rates established and approved annually by Council and the Province of Ontario. Taxation revenue is recognized when the taxable event occurs.

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.

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

December 31, 2013

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

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

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

**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  |

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

December 31, 2013

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|                              |  |
|------------------------------|--|
| <b>Deferred Revenue</b>      | 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 in the consolidated statement of operations in the year in which it is used for the specified purpose.  |
| <b>Government Transfers</b>  | Government transfers, which include legislative grants, are recognized in 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.  |
| <b>School Boards</b>         | 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.  |
| <b>Trust Fund</b>            | Funds held in trust by the Municipality, and their related operations, are not included in 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.   |
| <b>Solid Waste Landfills</b> | The estimated costs to close and maintain solid waste landfill sites are based on estimated future expenses in current dollars, discounted, adjusted for estimated inflation, and are charged to expense as the landfill site's capacity is used.  |
| <b>Use of Estimates</b>      | <p>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.</p> <p>The estimates used in preparation of these consolidated financial statements are the useful lives of the property, plant and equipment, the capacity of the landfill sites, the useful lives of the landfill sites, the post-closure costs of the landfills, and taxation revenue.</p> |

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

December 31, 2013

### 1. Investments

|              | 2013       | 2012       |
|--------------|------------|------------|
| Bonds        | \$ 207,365 | \$ 201,219 |
| Money market | 628,752    | 596,366    |
|              | \$ 836,117 | \$ 797,585 |

The income from investments for the year was \$11,944 (2012 - \$15,813). The investments are classified as portfolio investments and are recorded at cost. The market value of the Municipality's investments was \$829,192 (2012 - \$791,422).

Certain surplus funds are set aside by by-laws or Council resolution for specific purposes and referred to as reserve funds. Investments restricted by Council resolution represent the assets that are maintained in respect of those reserve funds. (Note 6)

### 2. Deferred Revenue

|                 | Opening<br>balance | Contributions<br>received | Externally<br>restricted<br>investment<br>income | Revenue<br>recognized | Ending<br>balance |
|-----------------|--------------------|---------------------------|--|-----------------------|-------------------|
| Federal gas tax | \$ 76,761          | \$ 38,037                 | \$ 831   | \$ (64,390)           | \$ 51,239         |
| Parks           | 13,108             | 750                       | 126  | -                     | 13,984            |
| Land sales      | 14,794             | -                         | -  | (14,794)              | -                 |
|                 | \$ 104,663         | \$ 38,787                 | \$ 957   | \$ (79,184)           | \$ 65,223         |

#### Federal Gas Tax

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

#### 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.

#### Land Sales

The Municipality sold several parcels of land during the year, which they received payment for. The land transfers have not occurred as of year end due to issues with the titles of the land. The revenue from these sales will be recognized once the land is transferred to the purchasers.

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

December 31, 2013

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

Solid waste closure and post-closure care requirements have been defined in accordance with industry standards and include final covering and landscaping of the landfill, removal of ground water and leachates, and ongoing environmental monitoring, site inspection and maintenance. The present value of the Municipality's estimated future liability for this expense is recognized as the landfill site's capacity is used. The liability and annual expense is calculated based on the ratio of utilization to total capacity of the landfill site and the discounted estimated cash flows associated with closure and post-closure activities. The reported liability as at year end was \$186 (2012 - \$47,116) and reflects a discount rate of 6.0% (2012 - 8.0%).

The liability is based on estimates and assumptions related to events extending over the remaining life of the landfill. The Blue landfill is expected to reach its capacity in 141 years and the estimated remaining capacity is 16,729 cubic metres which is 83% (2012 - 83%) of the site's total capacity. The total undiscounted estimated future expenditures for closure and post-closure care are \$195,000 (2012 - \$195,000) leaving an amount to be recognized of \$194,999 (2012 - \$194,999). The estimated length of time needed for post-closure care is 25 years.

The Worthington landfill is expected to reach its capacity in 100 years and the estimated remaining capacity is 37,900 cubic metres which is 76% (2012 - 46%) of the site's total capacity. The total undiscounted estimated future expenditures for closure and post-closure care are \$342,672 (2012 - \$220,000) leaving an amount to be recognized of \$342,486 (2012 - \$172,884). The estimated length of time needed for post-closure care is 23 years.

**Change in Estimate** - A current engineering report was obtained during the year in relation to the Worthington landfill. The engineer was able to use actual results over the past 10 years, which allowed the inputs to be more accurate than the past report. Due to the change in inputs, the liability for the Worthington landfill decreased significantly. The 2013 reduction in the liability is \$46,930. This adjustment is a change in estimate and therefore, is recorded on a prospective basis.

The Municipality has an investment relating to the landfill liabilities, which has a value of \$47,568 (2012 - \$47,116). The landfill liabilities are fully funded.

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### 4. Bank Indebtedness

Bank indebtedness at the end of the 2012 fiscal year is the result of outstanding cheques. The physical balance in the operating bank account at December 31, 2012, is \$7,834. The Municipality has unused credit facilities at December 31, 2013, of \$25,000 (2012 - \$25,000).

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

December 31, 2013

| 5. Tangible Capital Assets                  | 2013      |            |            |                   |                                 |            |            |              |
|---|-----------|------------|------------|-------------------|---------------------------------|------------|------------|--------------|
|   | Land      | Buildings  | Equipment  | Roads and bridges | Water and other utility systems | Vehicles   | Culverts   | Total        |
| Cost, beginning of year                     | \$ 72,166 | \$ 466,507 | \$ 480,132 | \$ 2,952,480      | \$ 23,821                       | \$ 512,925 | \$ 912,551 | \$ 5,420,582 |
| Additions                                   | 4,026     | 85,831     | 9,771      | 42,415            | -                               | -          | -          | 142,043      |
| Disposals                                   | (16,027)  | (47,733)   | -          | -                 | -                               | -          | -          | (63,760)     |
| Cost, end of year                           | 60,165    | 504,605    | 489,903    | 2,994,895         | 23,821                          | 512,925    | 912,551    | 5,498,865    |
| Accumulated amortization, beginning of year | -         | 239,246    | 283,360    | 1,491,404         | 5,716                           | 193,355    | 476,728    | 2,689,809    |
| Amortization                                | -         | 8,324      | 24,352     | 119,924           | 477                             | 27,338     | 22,789     | 203,204      |
| Disposals                                   | -         | (43,438)   | -          | -                 | -                               | -          | -          | (43,438)     |
| Accumulated amortization, end of year       | -         | 204,132    | 307,712    | 1,611,328         | 6,193                           | 220,693    | 499,517    | 2,849,575    |
| Net carrying amount, end of year            | \$ 60,165 | \$ 300,473 | \$ 182,191 | \$ 1,383,567      | \$ 17,628                       | \$ 292,232 | \$ 413,034 | \$ 2,649,290 |

The net book value of tangible capital assets not being amortized because they are under construction is \$NIL (2012 - \$45,208). These items are recognized separately as tangible capital assets under construction in the consolidated statement of financial position.

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

**December 31, 2013**

**5. Tangible Capital Assets (continued)**

|  | 2012      |            |            |                      |  |            |            |              |
|--|-----------|------------|------------|----------------------|--|------------|------------|--------------|
|  | Land      | Buildings  | Equipment  | Roads and<br>bridges | Water and<br>other<br>utility<br>systems | Vehicles   | Culverts   | Total        |
| Cost, beginning of year                        | \$ 72,166 | \$ 466,507 | \$ 457,456 | \$ 2,916,214         | \$ 23,821                                | \$ 512,925 | \$ 912,551 | \$ 5,361,640 |
| Additions                                      | -         | -          | 22,676     | 36,266               | -  | -          | -          | 58,942       |
| Cost, end of year                              | 72,166    | 466,507    | 480,132    | 2,952,480            | 23,821                                   | 512,925    | 912,551    | 5,420,582    |
| Accumulated amortization,<br>beginning of year | -         | 230,682    | 260,167    | 1,372,513            | 5,240                                    | 166,015    | 453,936    | 2,488,553    |
| Amortization                                   | -         | 8,564      | 23,193     | 118,891              | 476                                      | 27,340     | 22,792     | 201,256      |
| Disposals                                      | -         | -          | -          | -                    | -  | -          | -          | -            |
| Accumulated amortization,<br>end of year       | -         | 239,246    | 283,360    | 1,491,404            | 5,716                                    | 193,355    | 476,728    | 2,689,809    |
| Net carrying amount, end of year               | \$ 72,166 | \$ 227,261 | \$ 196,772 | \$ 1,461,076         | \$ 18,105                                | \$ 319,570 | \$ 435,823 | \$ 2,730,773 |

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

December 31, 2013

### 6. Accumulated Surplus

The Municipality segregates its accumulated surplus in the following categories:

|  | 2013                | 2012                |
|--|---------------------|---------------------|
| <u>Investment in tangible capital assets</u>             |                     |                     |
| Tangible capital assets                                  | \$ 2,649,290        | \$ 2,730,773        |
| Investment in tangible capital assets under construction | -                   | 45,208              |
|  | <b>2,649,290</b>    | <b>2,775,981</b>    |
| <u>Current operations</u>                                |                     |                     |
| General operating  | 204,291             | 235,839             |
| Government partnership                                   | 6,978               | -                   |
|  | <b>211,269</b>      | <b>235,839</b>      |
| <u>Other allocated deficits</u>                          |                     |                     |
| Landfill closure   | (186)               | (47,116)            |
|  | <b>(186)</b>        | <b>(47,116)</b>     |
| <u>Reserve funds</u>                                     |                     |                     |
| Replacement of equipment                                 | 541,175             | 486,516             |
| Landfill closures  | 47,568              | 47,116              |
|  | <b>588,743</b>      | <b>533,632</b>      |
| Total reserve funds                                      | <b>588,743</b>      | <b>533,632</b>      |
| Working capital reserve                                  | <b>107,000</b>      | <b>107,000</b>      |
| Total surplus  | <b>\$ 3,556,116</b> | <b>\$ 3,605,336</b> |

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, 2013

### 7. Other Income

|                                | 2013       | 2012      |
|--------------------------------|------------|-----------|
| Loss on sale of capital assets | \$ (6,670) | \$ -      |
| Commuted payments              | -          | 3,741     |
| Sale of gravel                 | -          | 43,474    |
| Donations and fundraising      | 7,648      | 11,769    |
|                                | \$ 978     | \$ 58,984 |

### 8. 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 cost related to the development and operations will be shared based on each community's financial contribution to the project. Each community has contributed or agreed to contribute \$100,000 towards the project and have 25% proportional interest.

|  | 2013       |                         | 2012       |                         |
|--|------------|-------------------------|------------|-------------------------|
|  | Total      | Municipality<br>Portion | Total      | Municipality<br>Portion |
| Financial assets                       | \$ 140,042 | \$ 35,011               | \$ 278,773 | \$ 69,693               |
| Financial liabilities                  | 108,833    | 27,208                  | 278,773    | 69,693                  |
| Net financial assets                   | 31,209     | 7,803                   | -          | -                       |
| Non-financial assets                   | 432,466    | 108,116                 | 256,995    | 64,249                  |
| Accumulated surplus                    | \$ 463,675 | \$ 115,919              | \$ 256,995 | \$ 64,249               |
|  | 2013       |                         | 2012       |                         |
|  | Total      | Municipality<br>Portion | Total      | Municipality<br>Portion |
| Revenue                                | \$ 228,733 | \$ 57,183               | \$ 168,308 | \$ 42,077               |
| Expenses                               | 22,053     | 5,513                   | 3,313      | 828                     |
| Annual surplus                         | 206,680    | 51,670                  | 164,995    | 41,249                  |
| Accumulated surplus, beginning of year | 256,995    | 64,249                  | 92,000     | 23,000                  |
| Accumulated surplus, end of year       | \$ 463,675 | \$ 115,919              | \$ 256,995 | \$ 64,249               |

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

December 31, 2013

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### 9. Expenses by Object

|                                       | 2013                | 2012              |
|---------------------------------------|---------------------|-------------------|
| Salaries, wages and employee benefits | \$ 236,329          | \$ 229,389        |
| Materials                             | 287,107             | 200,726           |
| Contracted services                   | 118,672             | 96,920            |
| Rents and financial expenses          | 69,731              | 53,974            |
| Contributions to other organizations  | 166,900             | 174,270           |
| Amortization                          | 202,489             | 201,256           |
|                                       | <u>\$ 1,081,228</u> | <u>\$ 956,535</u> |

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### 10. Contingent Liability

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

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### 11. 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 2013 was \$16,816 (2012 - \$14,147) for current service. The OMERS Board rate was 9.0% to 14.6% depending on income level for 2013 (2012 - 8.3% to 12.8% depending on income level).

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

December 31, 2013

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### 12. Commitments

#### *Rainycrest Home for the Aged*

As a result of the restructuring of Rainycrest Home for the Aged, the Municipality has agreed to annual contributions to Riverside Health Care Facilities, Inc. for support of Long-Term Care Programs and Services, until the period ending December 31, 2016.

The committed annual payments for the next three years are as follows:

| Year | Amount   |
|------|----------|
| 2014 | \$11,053 |
| 2015 | \$ 7,369 |
| 2016 | \$ 3,685 |

#### *Locum Housing*

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

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### 13. Operations of School Boards

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

|               | 2013       | 2012       |
|---------------|------------|------------|
| School boards | \$ 110,788 | \$ 117,341 |

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

December 31, 2013

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### 14. Trust Fund

The Trust Fund administered by the Municipality amounting to \$22,977 (2012 - \$22,291) has not been included in the consolidated statement of financial position nor has the operation been included in the consolidated statement of operations.

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### 15. Contributions to Unconsolidated Boards

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

|   | 2013              | 2012              |
|---|-------------------|-------------------|
| Northwestern Health Unit                                  | \$ 25,749         | \$ 25,337         |
| Rainy River District Social Services Administration Board | 123,697           | 128,510           |
|   | <u>\$ 149,446</u> | <u>\$ 153,847</u> |

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### 16. Segmented Information

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

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

#### General Government

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

#### Protection Services

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

#### Transportation Services

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

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

December 31, 2013

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## 16. Segmented Information (continued)

### **Environmental Services**

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

### **Health Services**

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

### **Social and Family Services**

Social and family services are comprised of general assistance, child care 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, 2013

### 16. Segmented Information (continued)

| For the year ended<br>December 31 | General<br>Government | Protection<br>Services | Transportation<br>Services | Environmental<br>Services | Health Services | Family Services | Social and<br>Social Housing | Recreation and<br>Cultural<br>Services | Planning and<br>Development | 2013<br>Total |
|-----------------------------------|-----------------------|------------------------|----------------------------|---------------------------|-----------------|-----------------|------------------------------|--|-----------------------------|---------------|
| Revenue                           |                       |                        |                            |                           |                 |                 |                              |  |                             |               |
| Taxation                          | \$ 30,442             | \$ 31,372              | \$ 165,287                 | \$ 13,674                 | \$ 26,075       | \$ 16,724       | \$ 14,490                    | \$ 6,092                               | \$ 431                      | \$ 304,587    |
| Fees and user charges             | -                     | -                      | -                          | 20                        | 5,644           | -               | -                            | -                                      | 300                         | 5,964         |
| Conditional grants                | 1,518                 | 31,919                 | 42,415                     | -                         | -               | -               | -                            | 1,644                                  | 22,274                      | 99,770        |
| Unconditional grants              | 52,421                | 54,024                 | 284,626                    | 23,548                    | 44,900          | 28,798          | 24,951                       | 10,490                                 | 742                         | 524,500       |
| Municipal grants                  | -                     | -                      | 18,005                     | -                         | -               | -               | -                            | -                                      | -                           | 18,005        |
| Change in accounting estimate     | -                     | -                      | -                          | 46,930                    | -               | -               | -                            | -                                      | -                           | 46,930        |
| Other                             | 16,528                | 3,059                  | 4,316                      | 452                       | 7,897           | -               | -                            | -                                      | -                           | 32,252        |
|                                   | 100,909               | 120,374                | 514,649                    | 84,624                    | 84,516          | 45,522          | 39,441                       | 18,226                                 | 23,747                      | 1,032,008     |
| Expenses                          |                       |                        |                            |                           |                 |                 |                              |  |                             |               |
| Wages and benefits                | 78,541                | 11,341                 | 127,545                    | 15,553                    | 582             | -               | -                            | 2,767                                  | -                           | 236,329       |
| Materials                         | 7,988                 | 34,787                 | 237,002                    | -                         | 3,558           | -               | -                            | 3,647                                  | 125                         | 287,107       |
| Contracted services               | 20,235                | 42,179                 | 20,808                     | 3,000                     | 2,119           | -               | -                            | 4,492                                  | 25,839                      | 118,672       |
| Rent and financial                | 26,504                | 8,009                  | 13,044                     | 15,395                    | 369             | -               | -                            | 6,410                                  | -                           | 69,731        |
| External transfers                | -                     | -                      | -                          | -                         | 95,564          | 27,110          | 44,226                       | -                                      | -                           | 166,900       |
| Amortization                      | -                     | 14,915                 | 185,785                    | 925                       | -               | -               | -                            | 864                                    | -                           | 202,489       |
|                                   | 133,268               | 111,231                | 584,184                    | 34,873                    | 102,192         | 27,110          | 44,226                       | 18,180                                 | 25,964                      | 1,081,228     |
| Net surplus (deficit)             | \$ (32,359)           | \$ 9,143               | \$ (69,535)                | \$ 49,751                 | \$ (17,676)     | \$ 18,412       | \$ (4,785)                   | \$ 46                                  | \$ (2,217)                  | \$ (49,220)   |

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

December 31, 2013

## 16. Segmented Information (continued)

| For the year ended<br>December 31 | General<br>Government | Protection<br>Services | Transportation<br>Services | Environmental<br>Services | Health Services | Family Services | Social and<br>Social Services | Social Housing | Recreation and<br>Cultural<br>Services | Planning and<br>Development | 2012<br>Total |
|-----------------------------------|-----------------------|------------------------|----------------------------|---------------------------|-----------------|-----------------|-------------------------------|----------------|--|-----------------------------|---------------|
| <b>Revenue</b>                    |                       |                        |                            |                           |                 |                 |                               |                |  |                             |               |
| Taxation                          | \$ 29,806             | \$ 30,716              | \$ 161,831                 | \$ 13,388                 | \$ 25,529       | \$ 16,374       | \$ 14,187                     | \$ 5,964       | \$ 422                                 | \$ 298,217                  |               |
| Fees and user charges             | -                     | -                      | -                          | 80                        | 1,025           | -               | -                             | -              | 650                                    | 1,755                       |               |
| Conditional grants                | -                     | 10,060                 | -                          | -                         | -               | -               | -                             | 1,644          | 3,452                                  | 15,156                      |               |
| Unconditional grants              | 52,421                | 54,024                 | 284,626                    | 23,547                    | 44,901          | 28,798          | 24,951                        | 10,490         | 742                                    | 524,500                     |               |
| Municipal grants                  | -                     | -                      | 8,415                      | -                         | -               | -               | -                             | -              | -                                      | 8,415                       |               |
| Committed payments                | 43,474                | -                      | -                          | -                         | -               | -               | -                             | -              | -                                      | 47,215                      |               |
| Other                             | 24,376                | 961                    | 6,001                      | 544                       | 12,320          | -               | -                             | -              | 3,741                                  | 44,202                      |               |
|                                   | 150,077               | 95,761                 | 460,873                    | 37,559                    | 83,775          | 45,172          | 39,138                        | 18,098         | 9,007                                  | 939,460                     |               |
| <b>Expenses</b>                   |                       |                        |                            |                           |                 |                 |                               |                |  |                             |               |
| Wages and benefits                | 72,092                | 3,813                  | 135,294                    | 13,867                    | 537             | -               | -                             | 3,786          | -                                      | 229,389                     |               |
| Materials                         | 8,104                 | 41,373                 | 147,876                    | -                         | 260             | -               | -                             | 2,715          | 398                                    | 200,726                     |               |
| Contracted services               | 20,363                | 52,030                 | 5,794                      | 2,999                     | 1,180           | -               | -                             | 5,232          | 9,322                                  | 96,920                      |               |
| Rents and financial               | 12,287                | 7,411                  | 16,088                     | 10,495                    | 568             | -               | -                             | 7,125          | -                                      | 53,974                      |               |
| External transfers                | -                     | -                      | -                          | -                         | 95,154          | 37,442          | 41,674                        | -              | -                                      | 174,270                     |               |
| Amortization                      | -                     | 14,668                 | 183,845                    | 924                       | -               | -               | -                             | 1,819          | -                                      | 201,256                     |               |
|                                   | 112,846               | 119,295                | 488,897                    | 28,285                    | 97,699          | 37,442          | 41,674                        | 20,677         | 9,720                                  | 956,535                     |               |
| <b>Net surplus (deficit)</b>      | \$ 37,231             | \$ (23,534)            | \$ (28,024)                | \$ 9,274                  | \$ (13,924)     | \$ 7,730        | \$ (2,536)                    | \$ (2,579)     | \$ (713)                               | \$ (17,075)                 |               |

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



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## Independent Auditor's Report

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

We have audited the accompanying balance sheet of the Corporation of the Township of Dawson Trust Fund, as at December 31, 2013, the statement of continuity for the year then ended and a summary of significant accounting policies and other explanatory information (together "the financial statements"). The financial statements have been prepared by management based on the basis of accounting as described in Note 1.

#### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the basis of accounting as described in Note 1; this includes determining that the described basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances, and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, if any, made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.





### **Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Corporation of the Township of Dawson Trust Fund as at December 31, 2013, and the continuity thereof, in accordance with the basis of accounting as described in Note 1.

### **Basis of Accounting and Restrictions on Use**

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

*BDO CANADA LLP*

Chartered Accountants, Licensed Public Accountants

Fort Frances, Ontario  
January 24, 2014

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

| <u>December 31</u> | <u>2013</u>      | <u>2012</u>      |
|--------------------|------------------|------------------|
| <b>Assets</b>      |                  |                  |
| Cash               | \$ 22,977        | \$ 22,291        |
| <b>Liabilities</b> |                  |                  |
| Balance - capital  | \$ 20,350        | \$ 20,350        |
| - income           | 2,627            | 1,941            |
|                    | <u>\$ 22,977</u> | <u>\$ 22,291</u> |

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

| <u>December 31</u>          | <u>2013</u>      | <u>2012</u>      |
|-----------------------------|------------------|------------------|
| Balance, beginning of year  | \$ 22,291        | \$ 21,594        |
| <b>Revenue</b>              |                  |                  |
| Care and maintenance fee    | 250              | 550              |
| Interest earned             | 686              | 697              |
|                             | <u>936</u>       | <u>1,247</u>     |
| <b>Expenditure</b>          |                  |                  |
| Administration              | 250              | 550              |
|                             | <u>686</u>       | <u>697</u>       |
| <b>Balance, end of year</b> | <u>\$ 22,977</u> | <u>\$ 22,291</u> |

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

December 31, 2013

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**1. Summary of Significant Accounting Policies**

|                                    |  |
|------------------------------------|--|
| <b>Management's Responsibility</b> | The financial statements of the Corporation of the Township of Dawson Trust Fund are the representation of management and have been prepared in accordance with accrual based accounting principles. Precise determination of some assets and liabilities may be dependent upon future events and estimates and approximations. These estimates and approximations have been based upon the available information, using careful judgement and review. |
| <b>Accrual Basis of Accounting</b> | <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 receipts of goods or services and the creation of a legal obligation to pay.</p>  |

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**2. Nature of Trust Fund**

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

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**3. Statement of Changes in Cash Flows**

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