

**The Corporation of the Township of
Dawson
Consolidated Financial Statements
For the year ended December 31, 2014**

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

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

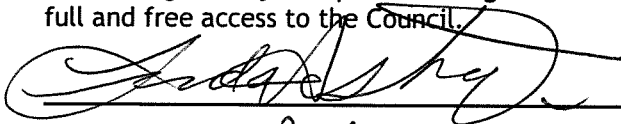
The consolidated financial statements have been prepared by management in accordance with Public Sector Accounting Principles. Consolidated financial statements are not precise since they include certain amounts based on estimates and judgments. When alternative accounting methods exist, management has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

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

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

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

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


_____ Mayor


_____ CAO/Clerk-Treasurer

Independent Auditor's Report

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, 2014, 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, 2014, 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 Professional Accountants, Licensed Public Accountants

Fort Frances, Ontario
February 04, 2015

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

December 31	2014	2013
Financial assets		
Cash and cash equivalents	\$ 62,963	\$ 20,501
Taxes receivable	42,349	40,425
Accounts receivable	94,206	66,312
Investments (Note 1)	787,023	836,117
	986,541	963,355
Liabilities		
Accounts payable and accrued liabilities	20,976	24,275
Deferred revenue (Note 2)	99,480	65,223
Solid waste closure and post-closure liabilities (Note 3)	204	186
	120,660	89,684
Net financial assets	865,881	873,671
Non-financial assets		
Tangible capital assets (Note 4)	2,547,501	2,649,290
Prepaid expenses	11,005	10,920
Inventory of supplies	16,027	22,235
	2,574,533	2,682,445
Accumulated surplus (Note 5)	\$ 3,440,414	\$ 3,556,116

Contingent liability (Note 9)

Commitments (Note 11)



Treasurer



Mayor

The Corporation of the Township of Dawson Consolidated Statement of Operations

For the year ended December 31	Budget 2014	2014	2013
Revenue			
Taxation	\$ 318,886	\$ 317,151	\$ 304,586
Government grants - Federal	-	-	64,390
Government grants - Provincial	545,302	564,853	559,880
User fees and service charges	900	15,941	1,120
Permits, licenses and fines	12,179	22,424	27,363
Investment income	10,890	10,770	8,756
Municipal grants	11,000	15,000	18,005
Other income (Note 6)	11,631	27,697	978
	910,788	973,836	985,078
Expenses			
General government	136,548	138,919	133,268
Protection services	119,620	115,792	111,231
Transportation services	539,682	556,585	584,184
Environmental services	29,832	28,045	34,873
Health services	112,352	106,949	102,192
Social and family services	28,397	28,397	27,110
Social housing	37,561	37,561	44,226
Recreation and cultural services	19,200	18,776	18,180
Planning and development	13,500	58,514	25,964
	1,036,692	1,089,538	1,081,228
Annual deficit, before unusual item	(125,904)	(115,702)	(96,150)
Change in accounting estimate (Note 3)	-	-	46,930
Annual deficit	(125,904)	(115,702)	(49,220)
Accumulated surplus, beginning of year	3,556,116	3,556,116	3,605,336
Accumulated surplus, end of year	\$ 3,430,212	\$ 3,440,414	\$ 3,556,116

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

For the year ended December 31	Budget 2014	2014	2013
Annual deficit	\$ (125,904)	\$ (115,702)	\$ (49,220)
Acquisition of tangible capital assets	(44,117)	(109,222)	(142,043)
Capitalization of work in progress	-	-	45,208
Amortization of tangible capital assets	203,312	206,327	203,204
Loss on sale of tangible capital assets	-	-	6,670
Proceeds on sale of tangible capital assets	5,000	4,684	13,652
	38,291	(13,913)	77,471
Acquisition of prepaid expenses and inventory of supplies	-	6,123	24,812
Net change in net financial assets	38,291	(7,790)	102,283
Net financial assets, beginning of year	873,671	873,671	771,388
Net financial assets, end of year	\$ 911,962	\$ 865,881	\$ 873,671

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

For the year ended December 31	2014	2013
Operating transactions		
Annual deficit	\$ (115,702)	\$ (49,220)
Items not involving cash		
Amortization	206,327	203,204
Loss on disposal of tangible capital assets	-	6,670
Changes in non-cash operating balances		
Taxes receivable	(1,924)	41,007
Accounts receivable	(27,895)	(1,972)
Prepaid expenses and inventory of supplies	6,123	24,812
Accounts payable and accrued liabilities	(3,298)	(20,483)
Deferred revenue	34,257	(39,440)
Solid waste closure and post-closure liabilities	17	(46,929)
	<u>97,905</u>	<u>117,649</u>
Capital transactions		
Acquisition of tangible capital assets	(109,222)	(142,043)
Capitalization of work in progress	-	45,208
Proceeds on sale of tangible capital assets	4,684	13,652
	<u>(104,538)</u>	<u>(83,183)</u>
Investing transactions		
Capitalization (acquisition) of investments	49,095	(38,532)
Net change in cash and cash equivalents (bank indebtedness)	42,462	(4,066)
Cash and cash equivalents, beginning of year	20,501	24,567
Cash and cash equivalents, end of year	\$ 62,963	\$ 20,501
Cash and cash equivalents consists of:		
Cash and cash equivalents	\$ 62,963	\$ 20,501

The Corporation of the Township of Dawson

Summary of Significant Accounting Policies

December 31, 2014

**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.

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

December 31, 2014

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

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

December 31, 2014

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 in 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 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.
School Boards	The Municipality collects taxation revenue on behalf of the school boards. The taxation, other revenues, expenditures, assets and liabilities with respect to the operations of the school boards are not reflected in these consolidated financial statements.
Trust Fund	Funds held in trust by the Municipality, and their related operations, are not included 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.
Solid Waste Landfills	The estimated costs to close and maintain solid waste landfill sites are based on estimated future expenses in current dollars, discounted, adjusted for estimated inflation, and are charged to expense as the landfill site's capacity is used.
Use of Estimates	<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, 2014

1. Investments

	2014	2013
Bonds	\$ 213,122	\$ 207,365
Money market	573,901	628,752
	\$ 787,023	\$ 836,117

The income from investments for the year was \$11,194 (2013 - \$11,944). The investments are classified as portfolio investments and are recorded at cost. The market value of the Municipality's investments was \$780,411 (2013 - \$829,192).

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 5).

2. Deferred Revenue

	Opening balance	Contributions received	Externally restricted investment income	Revenue recognized	Ending balance
Federal gas tax	\$ 51,239	\$ 33,620	\$ 516	\$ -	\$ 85,375
Parks	13,984	-	121	-	14,105
	\$ 65,223	\$ 33,620	\$ 637	\$ -	\$ 99,480

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.

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

December 31, 2014

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 \$204 (2013 - \$186) and reflects a discount rate of 8.0% (2013 - 6.0%).

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 16,610 cubic metres which is 82% (2013 - 83%) of the site's total capacity. The total undiscounted estimated future expenditures for closure and post-closure care are \$195,000 (2013 - \$195,000) leaving an amount to be recognized of \$194,999 (2013 - \$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 37,520 cubic metres which is 75% (2013 - 76%) of the site's total capacity. The total undiscounted estimated future expenditures for closure and post-closure care are \$342,672 (2013 - \$220,000) leaving an amount to be recognized of \$342,486 (2013 - \$172,884). The estimated length of time needed for post-closure care is 23 years.

Change in Estimate - In the prior year an updated 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 \$47,979 (2013 - \$47,568). The landfill liabilities are fully funded.

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

December 31, 2014

4. Tangible Capital Assets

	2014							
	Land	Buildings	Equipment	Roads and bridges	Water and other utility systems	Vehicles	Culverts	Total
Cost, beginning of year	\$ 60,165	\$ 504,605	\$ 489,903	\$ 2,994,895	\$ 23,821	\$ 512,925	\$ 912,551	\$ 5,498,865
Additions	11,588	3,698	16,428	66,246	-	-	11,262	109,222
Disposals	(4,684)	-	-	(82,140)	-	-	-	(86,824)
Cost, end of year	67,069	508,303	506,331	2,979,001	23,821	512,925	923,813	5,521,263
Accumulated amortization, beginning of year	-	204,132	307,712	1,611,327	6,193	220,694	499,517	2,849,575
Amortization	-	9,100	25,217	121,069	669	27,340	22,932	206,327
Disposals	-	-	-	(82,140)	-	-	-	(82,140)
Accumulated amortization, end of year	-	213,232	332,929	1,650,256	6,862	248,034	522,449	2,973,762
Net carrying amount, end of year	\$ 67,069	\$ 295,071	\$ 173,402	\$ 1,328,745	\$ 16,959	\$ 264,891	\$ 401,364	\$ 2,547,501

The net book value of tangible capital assets not being amortized because they are under construction is \$NIL (2013 - \$NIL).

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

December 31, 2014

4. Tangible Capital Assets (continued)

							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	119,923	477	27,339	22,789	203,204
Disposals	-	(43,438)	-	-	-	-	-	(43,438)
Accumulated amortization, end of year	-	204,132	307,712	1,611,327	6,193	220,694	499,517	2,849,575
Net carrying amount, end of year	\$ 60,165	\$ 300,473	\$ 182,191	\$ 1,383,568	\$ 17,628	\$ 292,231	\$ 413,034	\$ 2,649,290

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

December 31, 2014

5. Accumulated Surplus

The Municipality segregates its accumulated surplus in the following categories:

	2014	2013
<u>Investment in tangible capital assets</u>		
Tangible capital assets	<u>\$ 2,547,501</u>	<u>\$ 2,649,290</u>
<u>Current operations</u>		
General operating	135,967	204,291
Government partnership	6,360	6,978
	<u>142,327</u>	<u>211,269</u>
<u>Total operating surplus</u>		
	<u>142,327</u>	<u>211,269</u>
<u>Other allocated deficits</u>		
Landfill closure	<u>(204)</u>	<u>(186)</u>
<u>Reserve funds</u>		
Replacement of equipment	595,811	541,175
Landfill closures	47,979	47,568
	<u>643,790</u>	<u>588,743</u>
<u>Total reserve funds</u>		
	<u>643,790</u>	<u>588,743</u>
<u>Working capital reserve</u>		
	<u>107,000</u>	<u>107,000</u>
<u>Total surplus</u>		
	<u>\$ 3,440,414</u>	<u>\$ 3,556,116</u>

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

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

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

December 31, 2014

6. Other Income

	2014	2013
Loss on sale of capital assets	\$ (1,010)	\$ (6,670)
Commuted payments	27,816	-
Donations and fundraising	891	7,648
	\$ 27,697	\$ 978

7. 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.

	2014		2013	
	Total	Municipality Portion	Total	Municipality Portion
	Financial assets	\$ 136,742	\$ 34,186	\$ 140,042
Financial liabilities	116,824	29,206	108,833	27,208
Net financial assets	19,918	4,980	31,209	7,803
Non-financial assets	441,288	110,322	432,466	108,116
Accumulated surplus	\$ 461,206	\$ 115,302	\$ 463,675	\$ 115,919

	2014		2013	
	Total	Municipality Portion	Total	Municipality Portion
	Revenue	\$ 21,774	\$ 5,444	\$ 228,733
Expenses	24,243	6,061	22,053	5,513
Annual surplus (deficit)	(2,469)	(617)	206,680	51,670
Accumulated surplus, beginning of year	463,675	115,919	256,995	64,249
Accumulated surplus, end of year	\$ 461,206	\$ 115,302	\$ 463,675	\$ 115,919

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

December 31, 2014

8. Expenses by Object

	2014	2013
Salaries, wages and employee benefits	\$ 247,914	\$ 236,329
Materials	248,576	287,107
Contracted services	150,419	118,672
Rents and financial expenses	70,851	69,731
Contributions to other organizations	165,451	166,900
Amortization	206,327	202,489
	<u>\$ 1,089,538</u>	<u>\$ 1,081,228</u>

9. 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.

10. 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 2014 was \$17,348 (2013 - \$16,816) for current service. The OMERS Board rate was 9.0% to 14.6% depending on income level for 2014 (2013 - 9.0% to 14.6% depending on income level).

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

December 31, 2014

11. 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 two years are as follows:

Year	Amount
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.

12. Operations of School Boards

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

	2014	2013
School boards	\$ 109,103	\$ 110,788

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

December 31, 2014

13. Trust Fund

The Trust Fund administered by the Municipality amounting to \$23,620 (2013 - \$22,977) has not been included in the consolidated statement of financial position nor has the operation been included in the consolidated statement of operations.

14. Contributions to Unconsolidated Boards

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

	<u>2014</u>	<u>2013</u>
Northwestern Health Unit	\$ 24,415	\$ 25,749
Rainy River District Social Services Administration Board	127,982	123,697
	<u>\$ 152,397</u>	<u>\$ 149,446</u>

15. Segmented Information

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

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

General Government

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

Protection Services

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

Transportation Services

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

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

December 31, 2014

15. 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, 2014

15. Segmented Information (continued)

For the year ended December 31	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Family Services	Social and Cultural Services	Social Housing	Recreation and Cultural Services	Planning and Development	2014 Total
Revenue											
Taxation	\$ 31,697	\$ 32,667	\$ 172,106	\$ 14,239	\$ 27,150	\$ 17,413	\$ 15,088	\$ 6,343	\$ 448	\$	\$ 317,151
Fees and user charges	-	-	5,651	9,590	-	-	-	-	-	33,893	49,134
Conditional grants	-	36,072	-	-	-	-	-	-	-	2,637	40,353
Unconditional grants	52,421	54,024	284,626	23,547	44,901	28,798	24,952	1,644	10,490	742	524,501
Municipal grants	-	-	15,000	-	-	-	-	-	-	-	15,000
Other	15,708	6,363	4,324	411	891	-	-	-	-	-	27,697
	99,826	129,126	481,707	47,787	72,942	46,211	40,040	18,477	37,720		973,836
Expenses											
Wages and benefits	73,864	9,797	143,056	15,657	395	-	-	-	4,175	970	247,914
Materials	11,744	44,620	187,094	-	2,771	-	-	-	2,054	293	248,576
Contracted services	20,243	38,636	23,388	3,000	2,646	-	-	-	5,256	57,250	150,419
Rent and financial	33,036	7,395	15,634	8,464	151	-	-	-	6,171	-	70,851
External transfers	-	-	-	-	99,493	28,397	37,561	-	-	-	165,451
Amortization	32	15,343	187,415	924	1,492	-	-	1,121	-	-	206,327
	138,919	115,791	556,587	28,045	106,948	28,397	37,561	18,777	58,513		1,089,538
Net surplus (deficit)	\$ (39,093)	\$ 13,335	\$ (74,880)	\$ 19,742	\$ (34,006)	\$ 17,814	\$ 2,479	\$ (300)	\$ (20,793)	\$	\$ (115,702)

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

December 31, 2014

15. Segmented Information (continued)

For the year ended December 31	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Social and Family Services		Social Housing	Recreation and Cultural Services	Planning and Development	2013 Total
						Family Services	Social Services				
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
Rents 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)

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

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, 2014, 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, 2014, 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 Professional Accountants, Licensed Public Accountants

Fort Frances, Ontario
February 04, 2015

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

December 31	2014	2013
Assets		
Cash	\$ 23,620	\$ 22,977
Liabilities		
Balance - capital	\$ 20,600	\$ 20,350
- income	3,020	2,627
	\$ 23,620	\$ 22,977

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

December 31	2014	2013
Balance, beginning of year	\$ 22,977	\$ 22,291
Revenue		
Care and maintenance fee	-	250
Interest earned	643	686
	643	936
Expenditure		
Administration	-	250
	643	686
Balance, end of year	\$ 23,620	\$ 22,977

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

December 31, 2014

1. Summary of Significant Accounting Policies

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

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.

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.