

**The Corporation of the Township of
Dawson**
Consolidated Financial Statements
For the year ended December 31, 2017

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

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

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

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

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

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

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

_____ Mayor

_____ Clerk-Treasurer

Independent Auditor's Report

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

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, 2017, 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, 2017, 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.



Chartered Professional Accountants, Licensed Public Accountants

Fort Frances, Ontario
February 7, 2018

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

December 31	2017	2016
Financial assets		
Cash and cash equivalents	\$ 31,365	\$ -
Taxes receivable	44,927	50,804
Accounts receivable	157,368	116,418
Investments (Note 2)	878,203	862,143
	<u>1,111,863</u>	<u>1,029,365</u>
Liabilities		
Bank indebtedness	-	133
Accounts payable and accrued liabilities	32,073	24,501
Deferred revenue (Note 3)	204,600	167,741
Solid waste closure and post-closure liabilities (Note 4)	265	243
	<u>236,938</u>	<u>192,618</u>
Net financial assets	<u>874,925</u>	<u>836,747</u>
Non-financial assets		
Tangible capital assets (Note 5)	2,667,960	2,688,963
Prepaid expenses	10,012	11,075
Inventory of supplies	-	8,405
	<u>2,677,972</u>	<u>2,708,443</u>
Accumulated surplus (Note 6)	<u>\$ 3,552,897</u>	<u>\$ 3,545,190</u>

Contingent liability (Note 12)

Commitments (Note 14)

_____ Treasurer

_____ Mayor

The Corporation of the Township of Dawson Consolidated Statement of Operations

For the year ended December 31	Budget 2017	2017	2016
Revenue			
Taxation	\$ 432,656	\$ 434,436	\$ 403,345
Government transfers - Federal (Note 9)	187,200	31,159	-
Government transfers - Provincial (Note 8)	669,302	617,345	578,123
User fees and service charges	1,400	3,528	5,225
Permits, licenses and fines	18,184	24,168	38,999
Investment income	9,775	5,578	9,117
Municipal grants	11,000	23,067	16,200
Other income (Note 7)	18,200	47,073	24,600
	<u>1,347,717</u>	<u>1,186,354</u>	<u>1,075,609</u>
Expenses			
General government	135,047	136,373	121,661
Protection services	160,094	141,315	126,654
Transportation services	541,905	538,527	503,492
Environmental services	32,632	32,327	32,365
Health services	118,357	111,888	110,241
Social and family services	17,081	16,022	7,378
Social housing	48,023	48,023	49,214
Recreation and cultural services	18,781	20,468	17,099
Planning and development	18,500	133,704	51,723
	<u>1,090,420</u>	<u>1,178,647</u>	<u>1,019,827</u>
Annual surplus	<u>257,297</u>	<u>7,707</u>	<u>55,782</u>
Accumulated surplus, beginning of year	<u>3,545,190</u>	<u>3,545,190</u>	<u>3,463,301</u>
Prior period adjustment (Note 1)	<u>-</u>	<u>-</u>	<u>26,107</u>
Accumulated surplus, beginning of year, as restated	<u>3,545,190</u>	<u>3,545,190</u>	<u>3,489,408</u>
Accumulated surplus, end of year	<u>\$ 3,802,487</u>	<u>\$ 3,552,897</u>	<u>\$ 3,545,190</u>

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

For the year ended December 31	Budget 2017	2017	2016
Annual surplus	\$ 257,297	\$ 7,707	\$ 55,782
Acquisition of tangible capital assets	(342,200)	(165,215)	(442,424)
Amortization of tangible capital assets	167,434	178,058	165,327
Proceeds on sale of tangible capital assets	-	8,160	5,588
	82,531	28,710	(215,727)
Acquisition of prepaid expenses and inventory of supplies	-	9,468	5,224
Net change in net financial assets	82,531	38,178	(210,503)
Net financial assets, beginning of year	836,747	836,747	1,021,143
Prior period adjustment (Note 1)	-	-	26,107
Net financial assets, beginning of year, as restated	836,747	836,747	1,047,250
Net financial assets, end of year	\$ 919,278	\$ 874,925	\$ 836,747

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

For the year ended December 31	2017	2016
Operating transactions		
Annual surplus	\$ 7,707	\$ 55,782
Item not involving cash		
Amortization	178,058	165,327
Changes in non-cash operating balances		
Taxes receivable	5,877	10,863
Accounts receivable	(40,950)	(55,535)
Prepaid expenses and inventory of supplies	9,468	5,224
Accounts payable and accrued liabilities	7,572	12,439
Deferred revenue	36,859	34,943
Solid waste closure and post-closure liabilities	22	20
	<u>204,613</u>	<u>229,063</u>
Capital transactions		
Acquisition of tangible capital assets	(165,215)	(442,424)
Proceeds on sale of tangible capital assets	8,160	5,588
	<u>(157,055)</u>	<u>(436,836)</u>
Investing transactions		
Disposal (acquisition) of investments	(16,060)	135,158
Net change in cash and cash equivalents (bank indebtedness)	31,498	(72,615)
Cash and cash equivalents (bank indebtedness), beginning of year	(133)	72,482
Cash and cash equivalents (bank indebtedness), end of year	\$ 31,365	\$ (133)
Cash and cash equivalents consist of:		
Cash and cash equivalents	\$ 31,365	\$ -
Bank indebtedness	-	(133)
Cash and cash equivalents (bank indebtedness), end of year	\$ 31,365	\$ (133)

The Corporation of the Township of Dawson

Summary of Significant Accounting Policies

December 31, 2017

**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 33.33% ownership in the government partnership. The government partnership that has been consolidated is:

Rainy River Health Care Committee

The following boards are not consolidated:

Northwestern Health Unit

Rainy River District Social Services Administration Board

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

**Revenue
Recognition**

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, 2017

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, 2017

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, 2017

1. Prior Period Adjustment

During the year ended December 31, 2015, revenue related to drainage work completed was not recognized. It was believed at the time, that the revenue had not been authorized as per PS 3410 Government Transfers of the Public Sector Accounting Standards Handbook. In 2016, it was found that the revenue had, in fact, been authorized in 2015. This change was applied retroactively. The correction resulted in an increase to revenue, receivables and annual and accumulated surplus in the amount of \$26,107 in 2015 which resulted in an increase in net financial assets and accumulated surplus at the beginning of 2016.

2. Investments

	2017	2016
Bonds	\$ 2,894	\$ 224,861
Money market	-	637,282
High interest savings	875,309	-
	\$ 878,203	\$ 862,143

The income from investments for the year was \$6,724 (2016 - \$7,093). The investments are classified as portfolio investments and are recorded at cost. Investments in bonds and money market funds were redeemed during the year and transferred to a high interest savings account which earns interest at 1.665%. The market value of the Municipality's investments in bonds and money market funds was \$2,856 (2016 - \$849,106).

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).

3. Deferred Revenue

	Opening balance	Contributions received	Externally restricted investment income	Revenue recognized	Ending balance
Federal gas tax	\$ 153,468	\$ 34,840	\$ 1,861	\$ -	\$ 190,169
Parks	14,273	-	158	-	14,431
	\$ 167,741	\$ 34,840	\$ 2,019	\$ -	\$ 204,600

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.

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

December 31, 2017

4. 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 \$265 (2016 - \$243) and reflects a discount rate of 8.0% (2016 - 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 136 years and the estimated remaining capacity is 16,253 cubic metres which is 80% (2016 - 81%) of the site's total capacity. The total undiscounted estimated future expenditures for closure and post-closure care are \$195,000 (2016 - \$195,000) leaving an amount to be recognized of \$194,999 (2016 - \$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 96 years and the estimated remaining capacity is 36,380 cubic metres which is 73% (2016 - 74%) of the site's total capacity. The total undiscounted estimated future expenditures for closure and post-closure care are \$342,672 (2016 - \$342,672) leaving an amount to be recognized of \$342,408 (2016 - \$342,430). The estimated length of time needed for post-closure care is 23 years.

The Municipality has an investment relating to the landfill liabilities, which has a value of \$49,087 (2016 - \$48,549). The landfill liabilities are fully funded.

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

December 31, 2017								2017
5. Tangible Capital Assets	Land	Buildings	Equipment	Roads and bridges	Water and other utility systems	Vehicles	Culverts	Total
Cost, beginning of year	\$ 73,838	\$ 538,146	\$ 875,878	\$ 3,054,172	\$ 34,071	\$ 494,511	\$ 923,813	\$ 5,994,429
Additions	-	-	16,086	146,123	-	-	3,006	165,215
Disposals	(8,160)	-	(14,517)	-	-	-	-	(22,677)
Cost, end of year	65,678	538,146	877,447	3,200,295	34,071	494,511	926,819	6,136,967
Accumulated amortization, beginning of year	966	233,176	391,394	1,814,420	8,646	288,271	568,593	3,305,466
Amortization	387	9,600	37,847	80,240	1,160	25,716	23,108	178,058
Disposals	-	-	(14,517)	-	-	-	-	(14,517)
Accumulated amortization, end of year	1,353	242,776	414,724	1,894,660	9,806	313,987	591,701	3,469,007
Net carrying amount, end of year	\$ 64,325	\$ 295,370	\$ 462,723	\$ 1,305,635	\$ 24,265	\$ 180,524	\$ 335,118	\$ 2,667,960

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

December 31, 2017

5. Tangible Capital Assets (continued)								2016
	Land	Buildings	Equipment	Roads and bridges	Water and other utility systems	Vehicles	Culverts	Total
Cost, beginning of year	\$ 73,838	\$ 538,146	\$ 512,910	\$ 3,004,156	\$ 34,071	\$ 512,925	\$ 923,813	\$ 5,599,859
Additions	-	-	362,968	79,456	-	-	-	442,424
Disposals	-	-	-	(29,440)	-	(18,414)	-	(47,854)
Cost, end of year	73,838	538,146	875,878	3,054,172	34,071	494,511	923,813	5,994,429
Accumulated amortization, beginning of year	579	223,565	357,975	1,771,899	7,487	275,377	545,521	3,182,403
Amortization	387	9,611	33,419	71,961	1,159	25,718	23,072	165,327
Disposals	-	-	-	(29,440)	-	(12,824)	-	(42,264)
Accumulated amortization, end of year	966	233,176	391,394	1,814,420	8,646	288,271	568,593	3,305,466
Net carrying amount, end of year	\$ 72,872	\$ 304,970	\$ 484,484	\$ 1,239,752	\$ 25,425	\$ 206,240	\$ 355,220	\$ 2,688,963

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

December 31, 2017

6. Accumulated Surplus

The Municipality segregates its accumulated surplus in the following categories:

	2017	2016
<u>Investment in tangible capital assets</u>		
Tangible capital assets	\$ 2,667,960	\$ 2,688,963
<u>Current operations</u>		
General operating	336,574	314,938
Government partnership	12,234	9,843
Total operating surplus	348,808	324,781
<u>Other allocated deficits</u>		
Landfill closure	(265)	(243)
<u>Reserve funds</u>		
Replacement of equipment	380,307	376,140
Landfill closures	49,087	48,549
Total reserve funds	429,394	424,689
Working capital reserve	107,000	107,000
Total surplus	\$ 3,552,897	\$ 3,545,190

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, 2017

7. Other Income

	2017	2016
Gain (loss) on sale of capital assets	\$ (4,634)	\$ 61
Commuted payments (drainage charges)	39,461	24,228
Donations and fundraising	246	311
Sales of land	12,000	-
	\$ 47,073	\$ 24,600

8. Government Transfers - Provincial

	2017	2016
Operating		
Ontario Municipal Partnership Fund	\$ 524,500	\$ 524,500
Ministry of Rural Affairs - Drainage Program	20,493	18,705
Public Library Operating Grant	1,644	1,644
Ministry of Agriculture - Livestock Grants	4,164	6,353
Court Cost Grant	964	497
Save on Energy	-	1,424
Clean Water and Wastewater Fund	15,580	-
	567,345	553,123
Tangible capital assets		
Ministry of Rural Affairs - Capacity Funding	50,000	25,000
	\$ 617,345	\$ 578,123

9. Government Transfers - Federal

	2017	2016
Federal transfers		
Clean Water and Wastewater Fund	\$ 31,159	\$ -
	\$ 31,159	\$ -

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

December 31, 2017

10. Government Partnership

On July 11, 2011, the Municipality entered into an agreement with three other communities to jointly construct and maintain housing for locum physicians and medical students. All revenues and costs related to the development and operations will be shared based on each community's financial contribution to the project. Upon entering into the agreement, each community made a \$25,000 refundable contribution leaving each community with a 25% proportional interest.

In September 2015, one of the member communities withdrew from the partnership and was refunded their original \$25,000 member contribution. For each of the remaining three member communities, the exit of this partner resulted in an increase in their proportionate interest of the partnership to 33.33%.

	2017		2016	
	Total	Municipality Portion	Total	Municipality Portion
Financial assets	\$ 38,705	\$ 12,902	\$ 31,673	\$ 10,558
Financial liabilities	77,004	25,668	77,143	25,714
Net financial assets	(38,299)	(12,766)	(45,470)	(15,156)
Non-financial assets	423,382	141,128	429,351	143,117
Accumulated surplus	\$ 385,083	\$ 128,362	\$ 383,881	\$ 127,961

	2017		2016	
	Total	Municipality Portion	Total	Municipality Portion
Revenue	\$ 15,438	\$ 5,146	\$ 17,438	\$ 5,813
Expenses	14,236	4,745	17,807	5,936
Annual surplus (deficit)	1,202	401	(369)	(123)
Accumulated surplus, beginning of year	383,881	127,961	384,250	128,084
Accumulated surplus, end of year	\$ 385,083	\$ 128,362	\$ 383,881	\$ 127,961

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

December 31, 2017

11. Expenses by Object

	2017	2016
Salaries, wages and employee benefits	\$ 271,830	\$ 260,778
Materials	192,656	201,511
Contracted services	305,624	183,693
Rents and financial expenses	60,859	49,911
Contributions to other organizations	169,620	158,607
Amortization	178,058	165,327
	<u>\$ 1,178,647</u>	<u>\$ 1,019,827</u>

12. 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.

13. 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 2017 was \$19,027 (2016 - \$18,285) for current service. The OMERS Board rate was 9.0% to 14.6% depending on income level for 2017 (2016 - 9.0% to 14.6% depending on income level).

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

December 31, 2017

14. Commitments

Locum Housing

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

15. Operations of School Boards

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

	<u>2017</u>	<u>2016</u>
School boards	<u>\$ 109,824</u>	<u>\$ 112,521</u>

16. Trust Fund

The Trust Fund administered by the Municipality amounting to \$26,120 (2016 - \$25,370) has not been included in the consolidated statement of financial position nor has the operation been included in the consolidated statement of operations.

17. Contributions to Unconsolidated Boards

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

	<u>2017</u>	<u>2016</u>
Northwestern Health Unit	<u>\$ 26,547</u>	<u>\$ 26,547</u>
Rainy River District Social Services Administration Board	<u>143,073</u>	<u>128,375</u>
	<u>\$ 169,620</u>	<u>\$ 154,922</u>

The Corporation of the Township of Dawson

Notes to Consolidated Financial Statements

December 31, 2017

18. Segmented Information

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

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

General Government

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

Protection Services

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

Transportation Services

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

Environmental Services

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

Health Services

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

Social and Family Services

Social and family services are comprised of general assistance, 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.

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

December 31, 2017

18. Segmented Information (continued)

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, 2017

18. Segmented Information (continued)

For the year ended December 31	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Family Services	Social and Social Services	Social Housing	Recreation and Cultural Services	Planning and Development	2017 Total
Revenue											
Taxation	\$ 43,419	\$ 44,747	\$ 235,751	\$ 19,504	\$ 37,191	\$ 23,853	\$ 20,667	\$ 8,689	\$ 615	\$ 434,436	
Fees and user charges	-	203	-	2,276	5,012	-	-	-	900	8,391	
Conditional grants	-	5,128	50,000	-	-	-	-	-	67,232	124,004	
Unconditional grants	52,421	54,024	284,626	23,547	44,901	28,798	24,952	1,644	10,490	524,501	
Municipal grants	-	-	23,067	-	-	-	-	-	-	742	
Commuted payments	7,366	-	-	-	-	-	-	-	-	-	
Other	15,121	4,850	3,758	538	862	-	-	-	39,460	46,826	
	118,327	108,952	597,202	45,865	87,966	52,651	45,619	20,823	108,949	1,186,354	
Expenses											
Wages and benefits	78,462	10,108	155,707	20,280	1,569	-	-	5,704	-	271,830	
Materials	10,960	23,443	154,878	-	2,084	-	-	1,095	196	192,656	
Contracted services	20,412	87,150	54,972	3,000	121	-	-	6,461	133,508	305,624	
Rent and financial	26,413	5,408	14,211	8,123	550	-	-	6,154	-	60,859	
External transfers	-	-	-	-	105,575	16,022	48,023	-	-	169,620	
Amortization	126	15,206	158,759	924	1,989	-	-	1,054	-	178,058	
	136,373	141,315	538,527	32,327	111,888	16,022	48,023	20,468	133,704	1,178,647	
Net surplus (deficit)	\$ (18,046)	\$ (32,363)	\$ 58,675	\$ 13,538	\$ (23,922)	\$ 36,629	\$ (2,404)	\$ 355	\$ (24,755)	\$ 7,707	

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

December 31, 2017

18. Segmented Information (continued)

For the year ended December 31	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Family Services	Social and Social Services	Social Housing	Recreation and Cultural Services	Planning and Development	2016 Total
Revenue											
Taxation	\$ 40,312	\$ 41,545	\$ 218,880	\$ 18,108	\$ 34,529	\$ 22,146	\$ 19,188	\$ 8,067	\$ 570	\$ 403,345	
Fees and user charges	-	-	-	1,325	7,578	-	-	-	-	1,800	10,703
Conditional grants	-	6,850	25,000	-	-	-	-	-	-	18,705	52,199
Unconditional grants	52,421	54,024	284,626	23,547	44,901	28,798	24,951	10,490	742	524,500	
Municipal grants	-	-	17,624	-	-	-	-	-	-	-	17,624
Commuted payments	61	-	-	-	-	-	-	-	-	-	24,289
Other	35,273	2,287	3,049	240	844	-	-	1,256	-	24,228	42,949
	128,067	104,706	549,179	43,220	87,852	50,944	44,139	21,457	46,045	1,075,609	
Expenses											
Wages and benefits	77,866	9,724	149,228	17,418	1,501	-	-	5,041	-	-	260,778
Materials	11,027	24,882	162,393	229	1,937	-	-	731	312	312	201,511
Contracted services	20,106	71,758	30,357	3,000	2,412	-	-	4,649	51,411	183,693	
Rents and financial	12,535	5,355	14,677	10,794	387	-	-	6,163	-	-	49,911
External transfers	-	-	-	-	102,015	7,378	49,214	-	-	-	158,607
Amortization	127	14,935	146,837	924	1,989	-	-	515	-	-	165,327
	121,661	126,654	503,492	32,365	110,241	7,378	49,214	17,099	51,723	1,019,827	
Net surplus (deficit)	\$ 6,406	\$ (21,948)	\$ 45,687	\$ 10,855	\$ (22,389)	\$ 43,566	\$ (5,075)	\$ 4,358	\$ (5,678)	\$ 55,782	

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



Independent Auditor's Report

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

We have audited the accompanying balance sheet of the Corporation of the Township of Dawson Trust Fund, as at December 31, 2017, 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, 2017, 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 Bereavement Authority of Ontario. As a result, the financial statements may not be suitable for another purpose. Our report is intended solely for the management of the Corporation of the Township of Dawson and the Bereavement Authority of Ontario and should not be used by parties other than the management of the Corporation of the Township of Dawson and the Bereavement Authority of Ontario.

BDO CANADA LLP

Chartered Professional Accountants, Licensed Public Accountants

Fort Frances, Ontario
February 7, 2018

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

December 31	2017	2016
Assets		
Cash	\$ 26,736	\$ 26,686
Liabilities		
Balance - capital	\$ 26,120	\$ 25,370
- due to operator	616	1,316
	\$ 26,736	\$ 26,686

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

December 31	2017	2016
Balance, beginning of year	\$ 25,370	\$ 24,420
Revenue		
Care and maintenance fee	750	950
Interest earned	616	571
	1,366	1,521
Expenditure		
Administration	616	571
	750	950
Balance, end of year	\$ 26,120	\$ 25,370

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

December 31, 2017

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

3. Statement of Changes in Cash Flows

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