

**The Corporation of the Township of Dawn-Euphemia**  
**Financial Statements**  
*December 31, 2023*

**The Corporation of the Township of Dawn-Euphemia**  
**Notes to the Financial Statements**  
*For the year ended December 31, 2023*

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**Independent Auditor's Report**

**Financial Statements**

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To the Members of The Corporation of the Township of Dawn-Euphemia:

## Opinion

We have audited the financial statements of The Corporation of the Township of Dawn-Euphemia (the "Township"), which comprise the statement of financial position as at December 31, 2023, and the statements of operations and accumulated surplus, changes in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Township as at December 31, 2023, and the results of its operations, changes in its net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

## Basis for Opinion

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

## Emphasis of Matter - Comparative Information

As part of our audit of the financial statements of the Township for the year ended December 31, 2023, we also audited the adjustments described in Note 4 that were applied to restate the financial statements for the year ended December 31, 2022. In our opinion, such adjustments are appropriate and have been properly applied.

## Other Matter

The financial statement for the year ended December 31, 2022 were audited by another auditor who expressed an unmodified opinion on those statements on March 6, 2025

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Township's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Township or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Township's financial reporting process.

## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Township's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Township to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Sarnia, Ontario

April 20, 2026

*MNP LLP*

Chartered Professional Accountants

Licensed Public Accountants

# The Corporation of the Township of Dawn-Euphemia

## Statement of Financial Position

*As at December 31, 2023*

	2023	2022
		Restated (Note 4)
<b>Financial assets</b>		
Cash	\$ 2,498,745	\$ 2,220,470
Investments (Note 5)	2,050,592	1,918,197
Taxes receivable (Note 6)	683,124	560,337
Accounts receivable	376,526	694,999
Long-term receivables (Note 8)	42,941	41,004
Drainage recoverable	374,996	755,738
Debt recoverable from individuals (Note 9)	345,121	442,877
<b>Total financial assets</b>	<b>6,372,045</b>	<b>6,633,622</b>
<b>Financial liabilities</b>		
Accounts payable and accrued liabilities	506,597	547,039
Security deposits	10,786	11,536
Deferred revenue	1,123	-
Municipal debt (Note 9)	345,121	442,877
<b>Total financial liabilities</b>	<b>863,627</b>	<b>1,001,452</b>
<b>Net financial assets</b>	<b>5,508,418</b>	<b>5,632,170</b>
<b>Non-financial assets</b>		
Tangible capital assets (Schedule 1)	11,280,080	11,108,184
Prepaid expenses	11,956	7,085
<b>Total non-financial assets</b>	<b>11,292,036</b>	<b>11,115,269</b>
<b>Accumulated surplus (Note 10)</b>	<b>\$ 16,800,454</b>	<b>\$ 16,747,439</b>

**Commitments (Note 15)**

Approved on behalf of the Council

\_\_\_\_\_  
Mayor

\_\_\_\_\_  
Treasurer

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

**The Corporation of the Township of Dawn-Euphemia**  
**Statement of Operations and Accumulated Surplus**

*For the year ended December 31, 2023*

	<i>Budget</i>		<i>2023</i>		<i>2022</i>
	<i>(Note 11)</i>				<i>Restated</i>
					<i>(Note 4)</i>
<b>Revenue</b>					
Taxation	4,443,806	\$	4,355,157	\$	4,407,638
Fees and user charges	677,241		580,011		612,927
Grants	511,470		674,357		653,489
Other	188,140		412,535		263,231
	<b>5,820,657</b>	<b>\$</b>	<b>6,022,060</b>	<b>\$</b>	<b>5,937,285</b>
<b>Expenses</b>					
General government	860,625	\$	909,350	\$	833,770
Protective services	753,937		816,126		625,881
Public works services	3,008,846		3,379,735		2,988,513
Environmental and water services	436,725		645,665		633,051
Cultural and recreation services	93,524		186,968		151,174
Drainage	-		31,201		97,252
	<b>5,153,657</b>	<b>\$</b>	<b>5,969,045</b>	<b>\$</b>	<b>5,329,640</b>
<b>Annual surplus</b>	<b>667,000</b>		<b>53,015</b>		<b>607,645</b>
<b>Accumulated surplus, beginning of year as previously stated</b>	<b>15,812,931</b>		<b>15,812,931</b>		<b>15,400,272</b>
<b>Correction of error (Note 4)</b>	<b>934,508</b>		<b>934,508</b>		<b>739,523</b>
<b>Accumulated surplus, beginning of year, as restated</b>	<b>16,747,439</b>		<b>16,747,439</b>		<b>16,139,795</b>
<b>Accumulated surplus, end of year</b>	<b>\$ 17,414,439</b>	<b>\$</b>	<b>16,800,454</b>	<b>\$</b>	<b>16,747,439</b>

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

**The Corporation of the Township of Dawn-Euphemia**  
**Statement of Changes in Net Financial Assets**

*For the year ended December 31, 2023*

	<i>Budget</i>	<i>2023</i>	<i>2022</i>
	<i>(Note 11)</i>		<i>Restated</i> <i>(note 4)</i>
<b>Annual surplus</b>	<b>667,000</b>	<b>53,015</b>	607,645
Acquisition of tangible capital assets	<b>(677,000)</b>	<b>(699,530)</b>	(1,321,576)
Amortization of tangible capital assets	<b>527,634</b>	<b>527,634</b>	479,258
Gain on disposal of tangible capital assets	-	-	(28,397)
Proceeds on disposal of tangible capital assets	-	-	269,555
	<b>517,634</b>	<b>(118,881)</b>	6,485
Net change in prepaid expenses	-	<b>(4,871)</b>	4,031
<b>Net change in net financial assets</b>	<b>517,634</b>	<b>(123,752)</b>	10,516
<b>Net financial assets, beginning of year, as previously stated</b>	<b>4,697,662</b>	<b>4,697,662</b>	4,882,132
<b>Correction of error (Note 4)</b>	<b>934,508</b>	<b>934,508</b>	739,523
<b>Net financial assets, beginning of year as restated</b>	<b>5,632,170</b>	<b>5,632,170</b>	5,621,654
<b>Net financial assets, end of year</b>	<b>6,149,804</b>	<b>5,508,418</b>	5,632,170

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

# The Corporation of the Township of Dawn-Euphemia

## Statement of Cash Flows

*For the year ended December 31, 2023*

	2023	2022 Restated (Note 4)
<b>Operating activities</b>		
Annual surplus	53,015	607,645
Items not involving cash		
Amortization of tangible capital assets	527,634	479,257
Loss (gain) on sale of tangible capital assets	-	(28,397)
	580,649	1,058,505
Net changes in non-cash working capital items		
Taxes receivable	(122,787)	(16,941)
Accounts receivable	318,473	(150,867)
Long-term receivables	(1,937)	23,619
Drainage recoverable	380,742	(16,215)
Debt recoverable from individuals	97,756	(17,967)
Accounts payable and accrued liabilities	(40,443)	248,951
Security deposits	(750)	3,536
Deferred revenue	1,123	(16,537)
Prepaid expenses	(4,871)	4,031
Cash provided by operating activities	627,307	61,609
<b>Capital transactions</b>		
Acquisition of tangible capital assets	(699,530)	(1,321,576)
Proceeds from sale of tangible capital assets	-	269,555
Cash used in capital activities	(699,530)	(1,052,021)
<b>Investing transactions</b>		
Net change in portfolio investments	(132,395)	(266,576)
<b>Financing transactions</b>		
Advances on municipal debt	-	96,900
Repayment of municipal debt	(97,756)	(78,933)
	(97,756)	17,967
<b>Net change in cash and cash equivalents</b>	<b>278,275</b>	<b>(180,516)</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>2,220,470</b>	<b>2,400,986</b>
<b>Cash and cash equivalents, end of year</b>	<b>2,498,745</b>	<b>2,220,470</b>

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

# The Corporation of the Township of Dawn-Euphemia

## Notes to the Financial Statements

For the year ended December 31, 2023

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### 1. Nature of business

The Corporation of the Township of Dawn-Euphemia (the "Township") was formed on January 1, 1998, by the amalgamation of the former municipalities of the Township of Dawn and the Township of Euphemia. The Township is a municipality in the Province of Ontario, Canada located in the southeast portion of Lambton County. The Township conducts its operations guided by the provisions of provincial statutes such as the Municipal Act, Municipal Affairs Act, and related legislation. The Township provides municipal services such as fire, policing, roads, water, waste management, planning, recreation, and other general government services.

### 2. Summary of significant accounting policies

The financial statements of the Township are the representations of management prepared in accordance with accounting principles established by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada as prescribed by the Ontario Ministry of Municipal Affairs and Housing. Significant aspects of the accounting policies adopted by the Township are as follows:

#### (a) Basis of reporting

##### (i) Reporting entity

These financial statements reflect the financial assets, liabilities, reserves, surpluses/deficits, revenues and expenditures of all municipal organizations, committees and Boards which are owned or controlled by the Township. The Township has no consolidated entities.

All interfund financial assets, liabilities, reserves, surpluses/deficits, revenues and expenditures have been eliminated.

The Township has no trusts under administration.

##### (ii) Accounting for County and School Board Transactions

The taxation, other revenues, expenditures, assets and liabilities with respect to the operations of the school boards and the County of Lambton are not reflected in these financial statements except to the extent that any amounts due to or from are reported on the Statement of Financial Position. Taxation raised by the Township on their behalf is reflected as a deduction from total taxation on the Statement of Operations and Accumulated Surplus.

##### (iii) Municipal Debt

The charges for municipal debt assumed by individuals, in the case of tile drainage loans, are reflected as a recoverable in these financial statements.

#### (b) Basis of accounting

##### (i) Accrual basis of accounting

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measurable; expenses are recognized as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay.

# The Corporation of the Township of Dawn-Euphemia

## Notes to the Financial Statements

For the year ended December 31, 2023

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### 2. Significant accounting policies (continued)

#### (b) Basis of accounting (continued)

##### (ii) Non-financial assets

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.

##### (iii) Tangible capital assets

Tangible capital assets are recorded at cost less accumulated amortization. Cost includes all costs directly attributable to acquisition, construction, development or betterment of the asset. Contributed tangible capital assets are recorded at their fair market value at the date of contribution. Where fair market value cannot be reasonably determined, contributed tangible capital assets are recorded at a nominal amount. Amortization is provided over the estimated useful life of the assets, using the straight-line method. The useful life of the assets is based on estimates determined by management. The following useful lives are used:

Asset	Useful life – years
Land improvements	20
Buildings	10-50
Vehicles and equipment	5-20
Roads	10-50
Bridges and culverts	15-80
Water system	15-40

Assets under construction are not amortized until the asset is available for productive use.

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt, and that fair value is also recorded as revenue.

##### (iv) Intangible assets

Intangible assets, art and historic treasures, and items inherited by right of the Crown, such as Crown lands, forests, water, and mineral resources, are not recognized in these financial statements.

##### (v) Deferred revenue

Revenue restricted by legislation, regulation or agreement and not available for general municipal purposes is reported as deferred revenue on the Statement of Financial Position. The revenue is reported on the Statement of Operations and Accumulated Surplus in the year in which it is used for the specified purpose.

##### (vi) Revenue recognition

Property tax billings are prepared by the corporation based on assessment rolls issued by the Municipal Property Assessment corporation ("MPAC"). Tax rates are established annually by Municipal Council, incorporating amounts to be raised for local services, the requisition made by the county of Lambton in respect of County services and amounts the Township is required to collect on behalf of the Province of Ontario in respect of education taxes. A normal part of the assessment process is the issue of supplementary assessment rolls which provide updated information with respect to changes in property assessment. Once a supplementary assessment roll is received, the Township determines the taxes applicable and renders supplementary tax billings. Assessments and related property taxes are also subject to appeal. Each year management provides a best estimate of the affect of supplementary assessments and tax appeals on taxation revenue.

# The Corporation of the Township of Dawn-Euphemia

## Notes to the Financial Statements

For the year ended December 31, 2023

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### 2. Significant accounting policies (*continued*)

#### (b) Basis of accounting (*continued*)

##### (vi) *Revenue recognition (continued)*

The Township is entitled to collect interest and penalties on overdue taxes. This revenue is recorded in the period the interest and penalties are levied.

User fees and other revenues are recognized when related goods or services are provided and collectability is reasonably assured.

Investment income earned on surplus funds (other than obligatory reserve funds) are reported as revenue on an accrual basis. Investment income earned on obligatory reserve funds is recorded directly to each fund balance.

Government transfers are recognized as revenue in the financial statements when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

##### (vii) *Use of estimates*

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates that affect the reported amounts of assets and liabilities at the date of the 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.

##### (viii) *Cash and cash equivalents*

Cash equivalents are comprised of guaranteed investment certificates and term deposits with original maturities of 90 days or less.

##### (ix) *Financial instruments*

###### i) *Measurement of financial instruments*

The Township initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument.

The Township subsequently measures its financial assets and financial liabilities at amortized cost.

Financial assets measured at amortized cost include cash, accounts and notes receivable and taxes receivable. Investments in guaranteed investment certificates (GICs) are measured at cost plus accrued interest.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

Unrealized changes in fair value are recognized in the Statement of Remeasurement Gains and Losses until they are realized, when they are transferred to the Statement of Operations. As the Township has no applicable financial instruments recognized at fair value, the Township does not have a Statement of Remeasurement Gains and Losses.

# The Corporation of the Township of Dawn-Euphemia

## Notes to the Financial Statements

For the year ended December 31, 2023

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### 2. Significant accounting policies (continued)

#### (b) Basis of accounting (continued)

##### (x) **Financial instruments (continued)**

##### ii) **Impairment**

Financial assets measured at amortized cost are tested for impairment when there are indicators of possible impairment. When a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset or group of assets, a write-down is recognized in the statement of operations. The write-down reflects the difference between the carrying amount and the higher of:

- a) the present value of the cash flows expected to be generated by the asset or group of assets;
- b) the amount that could be realized by selling the assets or group of assets;
- c) the net realizable value of any collateral held to secure repayment of the assets or group of assets.

When the event occurring after the impairment confirms that a reversal is necessary, the reversal is recognized in the Statement of Operations up to the amount of the previously recognized impairment.

##### iii) **Accumulated surplus**

Accumulated surplus represents the Corporation's net economic resources. It is an amount by which all assets (financial and non-financial) exceed liabilities. An accumulated surplus indicates that the Corporation has net resources (financial and physical) that can be used to provide future services. An accumulated deficit means that liabilities are greater than assets.

##### iv) **Investments**

Investments consist of guaranteed investment certificates ("GICs") and principally protected notes with maturity dates greater than 90 days and are recorded at amortized cost. Investment income is reported as revenue in the period earned.

##### v) **Employee future benefits**

The contributions to the Ontario Municipal Employers Retirement System ("OMERS"), a multi-employer defined benefit pension plan, are expensed when contributions are due.

##### vi) **Asset retirement obligations**

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

**The Corporation of the Township of Dawn-Euphemia**  
**Notes to the Financial Statements**

*For the year ended December 31, 2023*

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**3. Change in accounting policies and future accounting pronouncements**

**a) Change in accounting policies**

Effective January 1, 2023, the Township adopted the following Public Sector Accounting Handbook Standards.

*Section PS 3280, Asset Retirement Obligations.*

The standard requires a liability to be recognized as there is a legal obligation to incur retirement costs. This change in accounting policy has been applied using the prospective approach and prior periods have not been restated.

*PS 1201 - Financial Statement Presentation*

PS 1201 replaces PS 1200 financial statement presentation. PS 1201 is generally equivalent to PS 1200 except that the Municipality is now required to present a Statement of Remeasurement Gains and Losses showing separately: unrealized gains (losses) attributable to financial instruments in the fair value category; exchange gains (losses) associated with monetary assets and liabilities denominated in a foreign currency that have not been settled; amounts reclassified to the statement of operations upon derecognition or settlement; and, other comprehensive income from government business enterprises and partnerships. Upon adoption of this Section, the Municipality reports on its financial condition by presenting its accumulated operating surplus and net debt which includes accumulated remeasurement gains (losses).

*PS 3450 - Financial Instruments*

Under PS 3450, all financial instruments, including derivatives, are included on the statement of financial position and are measured at either fair value or amortized cost, based on characteristics of the instrument and the Municipality's accounting policy choices. Unrealized gains and losses arising from changes in fair value are presented in the Statement of Remeasurement Gains and Losses. This change in accounting policy has been applied using the prospective approach and prior periods have not been restated.

There was no material impact on the financial statements from the prospective application of the new accounting recommendations.

**b) Future accounting pronouncements**

These standards and amendments were not yet effective for the year ended December 31, 2023, and have therefore not been applied in preparing these consolidated financial statements. Management is currently assessing the impact of the following accounting standards updates on the future financial statements.

*PS 3400 – Revenue*

The new standard establishes when to recognize and how to measure revenue and provides the related financial statement presentation and disclosure requirements. Under the new standard, revenue is differentiated between revenue arising from transactions that include performance obligations, referred to as “exchange transactions”, and transactions that do not have performance obligations, referred to as “non-exchange transactions”.

**The Corporation of the Township of Dawn-Euphemia**  
**Notes to the Financial Statements**

*For the year ended December 31, 2023*

**4. Correction of an error**

The prior year's figures have been adjusted to reflect the following corrections that were made to the December 31, 2022 and December 31, 2021 financial statements.

During the year, the Township determined that drainage recoverable, accounts receivable, and annual surplus was understated by \$755,738, \$178,770 and \$194,985 respectively due to the presentation of amounts to be received from ratepayers and other municipalities for drainage expenses as accumulated surplus. For 2022, the impact of this correction has resulted in an increase to drainage recoverable of \$755,738, an increase to accounts receivable of \$178,770, increase to annual surplus of \$194,985, and an increase to accumulated surplus of \$934,508.

A summary of the above adjustments' impact on the December 31, 2022 figures is as follows:

	<b>Previously reported</b>	<b>Adjustments</b>	<b>Restated</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Statement of financial position</b>			
Accounts receivable	516,229	178,770	694,999
Drainage recoverable	-	755,738	755,738
Accumulated surplus	15,812,931	934,508	16,747,439
<b>Statement of operations and accumulated surplus</b>			
Revenues	5,996,707	(59,422)	5,937,285
Expenses	5,584,048	(254,407)	5,329,641
Annual surplus	412,659	194,985	607,644
Accumulated surplus, beginning of year	15,400,272	739,523	16,139,795
Accumulated surplus, End of year	15,812,931	934,508	16,747,439
<b>Statement of changes in net financial assets</b>			
Annual surplus	412,659	194,985	607,644
Net financial assets, beginning of year	4,882,132	739,523	5,621,654
Net financial assets, end of year	4,697,662	934,508	5,632,170
<b>Statement of cash flows</b>			
Annual surplus	412,659	194,985	607,644
Accounts receivable	27,903	(178,770)	(150,867)
Drainage recoverable	-	(16,215)	(16,215)

**The Corporation of the Township of Dawn-Euphemia**  
**Notes to the Financial Statements**

*For the year ended December 31, 2023*

**5. Investments**

	<b>2023</b>	<b>2022</b>
	\$	\$
Cash in investment account	\$ -	\$ 7,820
Short-term investment certificates, redeemable, Average yield of 4.42% (2022-2.74%), maturing 2024	<b>500,000</b>	500,000
Guaranteed investment certificates, redeemable, Average yield of 1.94% (2022-2.94%), maturing 2025 to 2028	<b>1,065,592</b>	1,025,377
Principal Protected notes, no autocall features, maturing in 2025	<b>100,000</b>	100,000
Principal Protected notes, autocall features, maturing in 2028	<b>285,000</b>	285,000
Principal Protected notes, autocall features, maturing in 2030	<b>100,000</b>	-
	<b>2,050,592</b>	1,918,197

Investment certificates are stated at cost plus accrued interest. Interest is receivable on an annual basis. Principal protected notes are stated at cost and mature in 2025 to 2028. The return is based on certain market performance over the life of the notes and is determined upon maturity.

**6. Taxes receivable**

	<b>2023</b>	<b>2022</b>
	\$	\$
Taxes receivable	<b>652,851</b>	518,830
Penalties and interest	<b>30,273</b>	41,507
	<b>683,124</b>	560,337

**7. Operations of the school boards and the County of Lambton**

	<b>School Boards</b>	<b>County</b>	<b>2023</b>
	\$	\$	\$
Property taxes	<b>2,078,856</b>	<b>2,707,518</b>	<b>4,786,374</b>
Payments in lieu	<b>9,531</b>	<b>16,776</b>	<b>26,307</b>
Amounts requisitioned and remitted	<b>2,088,387</b>	<b>2,724,294</b>	<b>4,812,681</b>

The amounts have not been included in the Statement of Operations and Accumulated Surplus.

**The Corporation of the Township of Dawn-Euphemia**  
**Notes to the Financial Statements**

*For the year ended December 31, 2023*

**8. Long-term receivables**

Long-term receivables consist of the following:

	2023	2022
	\$	\$
Watermain fees receivable	<b>42,941</b>	41,004

Watermain fees receivable represent local improvement assessments owing from benefiting landowners for municipal waterlines servicing their property.

The Township provides a multi-year payment option to landowners. The annual payments are collected along with the owners' property taxes and have terms of five to ten years at interest rates of 6%.

**9. Municipal debt**

(a) The balance of municipal debt reported on the Statement of Financial Position consists of the following:

	2023	2022
	\$	\$
Tile Drainage Act Debentures - 6%	<b>345,121</b>	442,877

Under the Tite Drainage Act of Ontario, the Township has borrowed funds from the Province of Ontario for drainage improvements. The funds were immediately loaned by the Township to the affected landowners on the same terms and conditions as the loans made from the Province of Ontario to the Township.

(b) The following schedule shows the principal repayments of long-term debt for fully disbursed debt expected over the next five fiscal years:

2024	64,794
2025	61,889
2026	43,388
2027	45,991
2028	37,473
Thereafter	91,586
	\$ 345,121

(c) Total interest charges related to the municipal debt are reported in expenses in the Statement of Operations and amounted to \$25,354 (2022 - 25,495).

(d) The annual principal and interest payments required to service these liabilities are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs and Housing.

**The Corporation of the Township of Dawn-Euphemia**  
**Notes to the Financial Statements**

*For the year ended December 31, 2023*

**10. Accumulated surplus and reserves**

Accumulated surplus consists of the following individual fund surplus and reserves as follows:

	<b>2023</b>	2022
	\$	\$
		Restated
<b>Surplus</b>		
Invested in tangible capital assets	<b>11,280,080</b>	11,108,184
General surplus	<b>1,202,135</b>	907,707
Annual surplus	<b>53,015</b>	607,645
	<b>12,535,230</b>	12,623,536
<b>Reserves set aside for specific purpose by council</b>		
General reserve	<b>154,197</b>	587,199
Working capital	<b>686,108</b>	480,000
Insurance	<b>116,176</b>	62,176
Fire equipment	<b>191,868</b>	93,000
Policing	<b>12,000</b>	12,000
Water	<b>942,704</b>	858,550
Roads upkeep	<b>757,510</b>	827,510
Vehicles and equipment	<b>951,011</b>	876,011
Winter related costs	<b>219,740</b>	219,740
Cultural and recreation	<b>180,854</b>	66,354
Florence and Oakdale area	<b>52,310</b>	40,618
Gould cemetery	<b>745</b>	745
<b>Total Reserves</b>	<b>4,265,224</b>	4,123,903
<b>Accumulated Surplus</b>	<b>16,800,454</b>	16,747,439

**11. Budget data**

The unaudited budget data presented in these financial statements is based upon the 2023 budget approved by Council. Budgets are not prepared on a basis consistent with that used to report actual results under Canadian public sector accounting standards. Budgets anticipate using surpluses (or deficits) accumulated in previous years to reduce current year expenditures in excess of revenues to nil. In addition, the budget expensed all tangible capital assets rather than capitalizing them and recording amortization expense. The budget also expenses principal payments on debt and reserve transfers. As a result, the unaudited budget figures presented in the Statement of Operations and Accumulated Surplus represent the budget adopted by council with the following adjustments:

	<b>2023</b>
	\$
Budgeted Surplus for the year	-
Adjustments for:	
Capital expenditures	667,000
<b>Annual budgeted surplus</b>	<b>667,000</b>

# The Corporation of the Township of Dawn-Euphemia

## Notes to the Financial Statements

*For the year ended December 31, 2023*

### 12. Pension agreements

Certain employees of the Township are eligible to be members of the Ontario Municipal Employees Retirement System (OMERS), a multi-employer pension plan. The plan is a defined benefit plan which specifies the amount of the retirement benefits to be received by the employees based on their length of service and rates of pay. During the year ended December 31, 2023, the Township contributed \$100,115 (2022- \$79,979) to the plan. Contributions rates for 2023 were 9.0% (2022 - 9.0%) for employee earnings up to the C.P.P. pensionable earnings maximum and 14.6% (2022 - 14.6%) on earnings above that. These contributions are the Township's pension benefit expense.

The December 31, 2023 actuarial valuation of the OMERS plan indicates an actuarial deficit of \$4.20 billion, which will be addressed through temporary contribution rate increases and, if needed, benefit reductions. The multi-employer plan is valued on a current market basis for all plan assets. The projected benefit method prorated on services was used for the actuarial valuation. OMERS is a multi-employer plan, therefore any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the Corporation of the Township of Dawn-Euphemia does not recognize any share of the OMERS pension surplus or deficit.

### 13. Expenses by object

The expenses for the year reported on the Statement of Operations and Accumulated Surplus by object are as follows:

	Budget 2023	Actual 2023	Actual 2022
Salaries and benefits	\$ 1,530,783	\$ 1,497,053	\$ 1,311,390
Materials and supplies	3,108,242	3,302,730	3,061,148
Contracted services	514,632	641,628	477,844
Amortization	-	527,634	479,258
	<b>5,153,657</b>	<b>5,969,045</b>	5,329,640

### 14. Contingent liabilities

#### a) *Litigation*

The Township has been named as a defendant in certain legal actions in which damages have been sought. The outcome of these actions is not determinable as at the date of reporting and accordingly, no provision has been made in these financial statements for any liability that may result.

#### b) *Sick Leave Benefit Plan*

The Township provides paid sick leave of six days per year to its full time employees. Unused leave can be banked for future use. The plan does not provide for any payout of the sick leave bank when leaving the Township's employ. No provision has been made in these financial statements for the possible utilization of banked days in a future period. The effect of this is not significant to the municipal position balances as at December 31, 2023.

#### c) *Letters of Credit*

CIBC has provided the Township with a letter of guarantee totaling \$114,240 as required by the Department of Fisheries and Oceans Canada for a drainage project. The letter of credit is unsecured with the intention that they would be covered by available cash funds if required.

# The Corporation of the Township of Dawn-Euphemia

## Notes to the Financial Statements

*For the year ended December 31, 2023*

### 15. Commitments

#### a) *OPP Contract*

The Township has entered into a service agreement with the Ontario Provincial Police for the provision of policing services. The annual cost for 2024-2026 are listed below. Subsequent years' amounts are to be determined on an annual basis based on estimated salary and benefit costs.

2024	321,839
2025	369,136
2026	348,795
	1,039,770

### 16. Financial instruments and risk

Unless otherwise noted, it is management's opinion that the Township is not exposed to significant risks. There have been no changes in the Township's risk exposure from the prior year.

#### Credit Risk

The Township is exposed to credit risk through its cash, taxes receivable and accounts receivable. There is a possibility of non-collection of its accounts receivable. The majority of the Township's receivables are from rate payers and government entities. The Township mitigates its exposure to credit loss by placing its cash with major financial institutions.

Accounts receivable credit risk is resulting from the possibility that a customer or counterparty to a financial instrument defaults on their financial obligations; if there is a concentration of transactions carried out with same counterparty; or of financial obligations which have similar economic characteristics such that they could be similarly affected by changes in economic conditions.

The Township manages its credit risk by limiting the amount of days aged in accounts receivable before appropriate action is taken. The Township's maximum exposure to credit risk at the financial statement date is the carrying value of accounts receivable and other accounts receivable as presented on the statement of financial position. At year end, the amounts outstanding for the Township's accounts receivable are as follows:

2023					
	Current	31-60 days	61-90 days	91-120 days	Total
<b>Accounts receivable</b>	<b>194,637</b>	-	-	<b>181,889</b>	<b>376,526</b>
<b>Taxes receivable</b>	<b>587,826</b>	-	-	<b>95,298</b>	<b>683,124</b>
<b>Long-term receivables</b>	-	-	-	<b>42,941</b>	<b>42,941</b>
<b>Drainage recoverable</b>	-	-	-	<b>374,996</b>	<b>374,996</b>
<b>Debt recoverable from individuals</b>	-	-	-	<b>345,121</b>	<b>345,121</b>
<b>Total</b>	<b>782,463</b>	-	-	<b>1,040,245</b>	<b>1,822,708</b>

2022					
	Current	31-60 days	61-90 days	91-120 days	Total
Accounts receivable	258,500	-	-	436,499	694,999
Taxes receivable	333,781	-	-	226,556	560,337
Long-term receivables	-	-	-	41,004	41,004
Drainage recoverable	-	-	-	755,738	755,738
Debt recoverable from individuals	-	-	-	442,877	442,877
<b>Total</b>	<b>592,281</b>	-	-	<b>1,902,674</b>	<b>2,494,955</b>

# The Corporation of the Township of Dawn-Euphemia

## Notes to the Financial Statements

*For the year ended December 31, 2023*

### 16. Financial instruments and risk (continued)

#### Liquidity Risk

Liquidity risk is the risk that the Township will not be able to meet its obligations as they become due. The Township is exposed to this risk mainly in respect of its accounts payable and accrued liabilities and deferred revenue. The Township manages this risk by establishing budgets and funding plans to fund its expenses and debt repayments. The Township also maintains certain credit facilities, which can be drawn upon as needed

	2023			Total
	Within 1 year	1-5 years	Over 5 years	
<b>Accounts payable and accrued liabilities</b>	<b>506,597</b>	-	-	<b>506,597</b>
<b>Security deposits</b>	<b>10,786</b>	-	-	<b>10,786</b>
<b>Municipal debt</b>	<b>64,794</b>	<b>221,669</b>	<b>58,658</b>	<b>345,121</b>
<b>Total</b>	<b>582,177</b>	<b>221,669</b>	<b>58,658</b>	<b>862,504</b>

	2022			Total
	Within 1 year	1-5 years	Over 5 years	
Accounts payable and accrued liabilities	547,039	-	-	547,039
Security deposits	11,536	-	-	11,536
Municipal debt	74,377	266,300	102,200	442,877
Total	632,952	266,300	102,200	1,001,452

### 17. Segmented information

The Corporation of the Township of Dawn-Euphemia is a diversified municipal government institution that provides a wide range of services to its citizens such as police, fire, roads, recreation and water. Distinguishable functional segments have been separately disclosed in the segmented information.

The accounting policies of the segments are the same as those described in the summary of significant accounting policies.

The nature of the segments and the activities they encompass are as follows:

#### General Government

General government consists of three categories: governance, corporate management and program support. It includes offices of Council, Chief Administrative Officer, Financial and Clerk Services. This item reports the revenues and expenses that relate to the operations of the Township that cannot be directly attributed to a specific segment.

#### Protective Services

Protective Services is comprised of Fire, Police, Conservation Authority and Protective inspection and Control. Police Services are delivered under contract by the Ontario Provincial Police and the Lambton Group Police Services Board. Conservation Authority includes the Township's share of the cost of the St. Clair Region Conservation Authority activities. The Fire Service department is responsible to provide fire suppression; fire prevention programs; training and education related to prevention, detection or suppression of fires. The members of the fire department consist of volunteers. Protective inspection and control ensures an acceptable quality of building construction and maintenance of properties through enforcement of construction codes, building standards and by-law for the protection of occupants.

# The Corporation of the Township of Dawn-Euphemia

## Notes to the Financial Statements

*For the year ended December 31, 2023*

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### 17. Segmented information (continued)

#### **Public Works**

The Public Works segment is responsible for the delivery of municipal public works services related to the planning, development and maintenance of roadway systems, snow clearing and removal, sidewalks and street lighting.

#### **Environmental and Water Services**

Environmental services consist of providing waste collection, waste disposal and recycling to its citizens as well as sewer and water services.

Sewer services is responsible for collecting and cleaning the sewage. Water services collects, treats and distributes the Township's drinking water. They ensure the Township's sewer and water systems meet all Provincial standards.

#### **Cultural Recreation**

This service area provides services meant to improve the health and development of the Township's citizens. Recreational programs and cultural programs are provided at Municipal facilities and by partnering with neighbouring municipal facilities. The Township also partners with Lambton County for library services to assist with its citizens' informational needs.

#### **Planning and Development**

This segment provides a number of services including land use planning and the review of all property development plans through its application process in accordance with Provincial Policy and the Official Plan.

#### **Municipal Drainage**

This segment provides storm water management to all lands in the Township by utilizing the authority and procedures contained in the provincial Drainage Act, R.S.O. 1990.

**The Corporation of the Township of Dawn-Euphemia**  
**Schedule 1 - Schedule of Tangible Capital Assets**  
**For the year ended December 31, 2023**

	Land	Land Improvements	Buildings	Vehicles & Equipment	Roads	Bridges and Culverts	Water System	Totals								
	\$	\$	\$	\$	\$	\$	\$	\$								
<b>Cost</b>																
Balance, beginning of year	\$	347,139	\$	140,900	\$	2,719,124	\$	4,214,594	\$	6,260,781	\$	8,919,254	\$	4,921,548	\$	27,523,340
Add: additions during the year	-	-	191,187	142,344	-	365,999	-	699,530								
Less: disposals during the year	-	-	-	-	-	(6,874)	-	(6,874)								
Balance, end of year	\$	347,139	\$	140,900	\$	2,910,311	\$	4,356,938	\$	6,260,781	\$	9,292,127	\$	4,921,548	\$	28,229,744
<b>Accumulated Amortization</b>																
Balance, beginning of year	\$	-	\$	84,540	\$	1,048,825	\$	2,728,244	\$	6,114,820	\$	3,982,214	\$	2,456,513	\$	16,415,156
Add: amortization for the year	-	7,045	77,374	166,201	13,689	137,980	125,345	527,634								
Less: disposals during the year	-	-	-	-	-	(6,874)	-	(6,874)								
Balance, end of year	\$	-	\$	91,585	\$	1,126,199	\$	2,894,445	\$	6,128,509	\$	4,127,068	\$	2,581,858	\$	16,949,664
<b>Net book value of Tangible Capital Assets</b>	<b>\$</b>	<b>347,139</b>	<b>\$</b>	<b>49,315</b>	<b>\$</b>	<b>1,784,112</b>	<b>\$</b>	<b>1,462,493</b>	<b>\$</b>	<b>132,272</b>	<b>\$</b>	<b>5,165,058</b>	<b>\$</b>	<b>2,339,691</b>	<b>\$</b>	<b>11,280,080</b>

**The Corporation of the Township of Dawn-Euphemia**  
**Schedule 1 - Schedule of Tangible Capital Assets**  
**For the year ended December 31, 2022**

	Land	Land Improvements	Buildings	Vehicles & Equipment	Roads	Bridges and Culverts	Water System	Totals
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Cost</b>								
Balance, beginning of year	\$ 347,139	\$ 140,900	\$ 2,544,046	\$ 3,820,077	\$ 6,260,781	\$ 8,579,352	\$ 4,921,548	\$ 26,613,843
Add: additions during the year	-	-	175,078	692,212	-	454,286	-	1,321,576
Less: disposals during the year	-	-	-	(297,695)	-	(114,384)	-	(412,079)
Balance, end of year	\$ 347,139	\$ 140,900	\$ 2,719,124	\$ 4,214,594	\$ 6,260,781	\$ 8,919,254	\$ 4,921,548	\$ 27,523,340
<b>Accumulated Amortization</b>								
Balance, beginning of year	\$ -	\$ 77,495	\$ 993,822	\$ 2,641,301	\$ 6,103,410	\$ 3,959,622	\$ 2,331,168	\$ 16,106,818
Add: amortization for the year	-	7,045	55,003	148,680	11,410	131,775	125,345	479,258
Less: disposals during the year	-	-	-	(61,737)	-	(109,183)	-	(170,920)
Balance, end of year	\$ -	\$ 84,540	\$ 1,048,825	\$ 2,728,244	\$ 6,114,820	\$ 3,982,214	\$ 2,456,513	\$ 16,415,156
<b>Net book value of Tangible Capital Assets</b>								
	\$ 347,139	\$ 56,360	\$ 1,670,299	\$ 1,486,350	\$ 145,961	\$ 4,937,040	\$ 2,465,035	\$ 11,108,184

**The Corporation of the Township of Dawn-Euphemia**  
**Schedule 2 - Segmented Information**

*December 31, 2023*

	<i>General Government</i>	<i>Protection</i>	<i>Public Works</i>	<i>Environmental and Water Services</i>	<i>Cultural Recreation</i>	<i>Planning and Development</i>	<i>Municipal Drainage</i>	<i>Total</i>
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Revenue</b>								
Property Taxes	743,993	627,185	2,904,536	-	64,079	15,364	-	4,355,157
User fees	(967)	480	-	557,915	19,233	3,350	-	580,011
Grants	674,357	-	-	-	-	-	-	674,357
Other	358,828	42,258	8,025	3,424	-	-	-	412,535
<b>Total Revenue</b>	<b>1,776,211</b>	<b>669,923</b>	<b>2,912,561</b>	<b>561,339</b>	<b>83,312</b>	<b>18,714</b>	<b>-</b>	<b>6,022,060</b>
<b>Expenses</b>								
Salaries and benefits	513,522	41,577	841,954	100,000	-	-	-	1,497,053
Materials and supplies	372,456	193,886	2,287,496	296,363	121,328	-	31,201	3,302,730
Contracted services	-	518,042	-	123,586	-	-	-	641,628
Amortization	23,372	62,621	250,285	125,716	65,640	-	-	527,634
<b>Total Expenses</b>	<b>909,350</b>	<b>816,126</b>	<b>3,379,735</b>	<b>645,665</b>	<b>186,968</b>	<b>-</b>	<b>31,201</b>	<b>5,969,045</b>
<b>Annual surplus (deficit)</b>	<b>866,861</b>	<b>(146,203)</b>	<b>(467,174)</b>	<b>(84,326)</b>	<b>(103,656)</b>	<b>18,714</b>	<b>(31,201)</b>	<b>53,015</b>

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

**The Corporation of the Township of Dawn-Euphemia**  
**Schedule 2 - Segmented Information**

*December 31, 2022*

	<i>General Government</i>	<i>Protection</i>	<i>Public Works</i>	<i>Environmental and Water Services</i>	<i>Cultural Recreation</i>	<i>Planning and Development</i>	<i>Municipal Drainage</i>	<i>Total Restated (Note 4)</i>
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Revenue</b>								
Property Taxes	752,958	634,743	2,939,537	-	64,851	15,549	-	4,407,638
User fees	33,416	900	-	545,588	28,873	4,150	-	612,927
Grants	653,489	-	-	-	-	-	-	653,489
Other	216,453	33,982	11,358	988	450	-	-	263,231
<b>Total Revenue</b>	<b>1,656,316</b>	<b>669,625</b>	<b>2,950,895</b>	<b>546,576</b>	<b>94,174</b>	<b>19,699</b>	<b>-</b>	<b>5,937,285</b>
<b>Expenses</b>								
Salaries and benefits	462,757	49,196	699,423	100,000	14	-	-	1,311,390
Materials and supplies	353,284	166,519	2,053,598	291,926	98,569	-	97,252	3,061,148
Contracted services	-	362,435	-	115,409	-	-	-	477,844
Amortization	17,729	47,731	235,492	125,716	52,591	-	-	479,258
<b>Total Expenses</b>	<b>833,770</b>	<b>625,881</b>	<b>2,988,513</b>	<b>633,051</b>	<b>151,174</b>	<b>-</b>	<b>97,252</b>	<b>5,329,640</b>
<b>Annual surplus (deficit)</b>	<b>822,546</b>	<b>43,744</b>	<b>(37,618)</b>	<b>(86,475)</b>	<b>(57,000)</b>	<b>19,699</b>	<b>(97,252)</b>	<b>607,645</b>

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